transgene

IMMUNOTHERAPY AGAINST CANCER

Universal Registration Document 2021
Including the Annual Financial Report

CONTENTS

UNIVERSAL REGISTRATION DOCUMENT

2021

Transgene is a biotechnology company focused on designing and developing therapeutic vaccines and oncolytic viruses for the treatment of cancer. Our immunotherapies stimulate immune responses and specifically target cancer cells. To achieve this, we integrate a therapeutic arsenal in viral vectors, each component of which plays a role in the fight against tumors.

Transgene has several products in clinical development (Phase I and II trials): TG4050, an individualized therapeutic vaccine from the myvac® platform, TG4001, a therapeutic vaccine against HPV-positive cancers, and two oncolytic viruses, TG6002, which enables a chemotherapy to be produced directly in the tumor, and BT-001, the first candidate from the Invir.IO™ platform, armed with an anti-CTLA-4 antibody.

Transgene has two next-generation platforms that are based on its viral vector expertise.

- The myvac® approach allows the generation of an individualized virus-based immunotherapy that encodes patient-specific mutations (neoantigens).
- With its Invir.IO™ platform, Transgene is building on its viral vector engineering expertise to design a new generation of multifunctional oncolytic viruses.

Transgene also relies on strategy collaborations with recognized players, such as AstraZeneca and Merck KGaA/Pfizer, the leader in Information Technology (IT) NEC, and BioInvent.

The Company is based in Strasbourg, France, and has additional operations in Lyon. Transgene is listed on the regulated stock market in Paris (Euronext compartment B).

www.transgene.fr

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

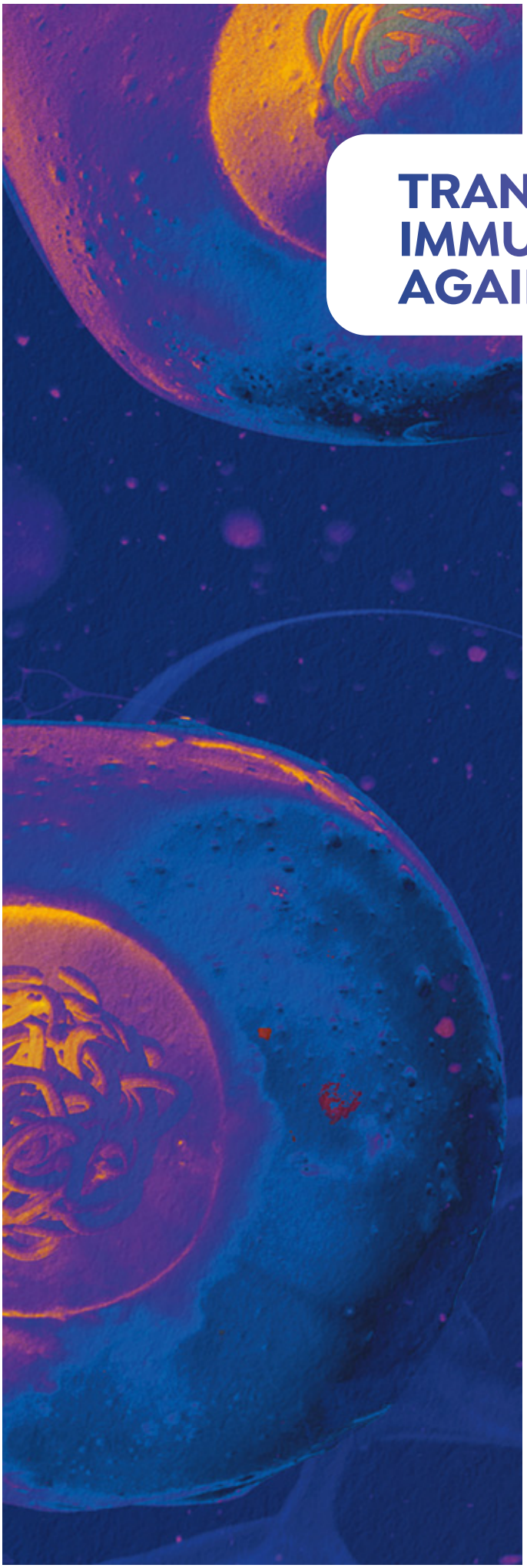
This Universal Registration Document was filed on April 6, 2022, with the AMF, as competent authority under regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a security note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with regulation (EU) 2017/1129.

This is a translation into English of the (universal) registration document of the Company issued in French, which is available on the website of the Issuer.

LIST OF ABBREVIATIONS

Abbreviation	Meaning
AACR	American Association for Cancer Research
AML	Approval for market launch
ANSM	*Agence nationale de sécurité du médicament et des produits de santé* (French medicines agency)
CAR-T	Chimeric Antigen Receptor T, chimeric antigen receptor (T-cell)
CRO	Contract Research Organization
CTLA-4	Cytotoxic T-lymphocyte-associated protein 4
DNA	Deoxyribonucleic Acid
EMA	European Medicines Agency
EPO	European Patent Office
ESMO	European Society for Medical Oncology
FDA	Food and Drug Administration
GM-CSF	Granulocyte-macrophage colony-stimulating factor
GMP	Good manufacturing practice
HBsAg	HBV surface antigen
HCC	Hepatocellular carcinoma
HPV	Human Papilloma Virus
ICI	Immune checkpoint inhibitor
IL-2	Interleukin 2
IT	Intratumoral
IV	Intravenous
MHRA	Medicines and Healthcare Products Regulatory Agency
MVA	Modified Vaccinia Ankara
OV	Oncolytic virus
PD-L1or PD-1	Programmed death-ligand 1, Programmed cell death 1
RR	Ribonucleotide reductase
RTC	Research tax credit (RTC)
SC	Subcutaneous
SCCHN	Squamous cell carcinoma of the head and neck
SdAbs	Single-domain antibody
SITC	Society for Immunotherapy of Cancer
SPA	Special protocol assessment
TAA	Tumor associated antigen
TK	Thymidine kinase
VV	Vaccinia virus



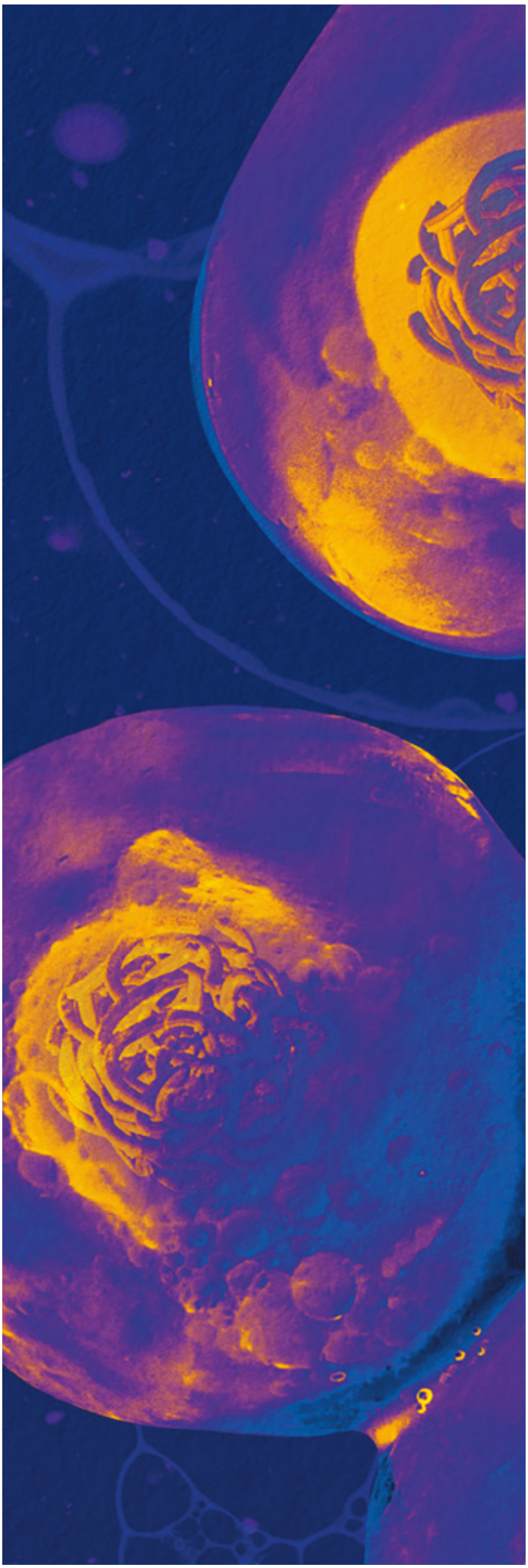
TRANSGENE, IMMUNOTHERAPY AGAINST CANCER

Transgene is focused on developing highly innovative immunotherapies for the treatment of cancer.

The principle: to stimulate and to educate the immune system with the goal of enabling it to recognize and destroy cancer cells.

To achieve this goal, Transgene has developed two technological approaches: therapeutic vaccines and oncolytic viruses. We design these drug candidates by integrating a comprehensive therapeutic arsenal within the genome of optimized viruses (also known as viral vectors). These viral vectors use highly attenuated viral strains with an established safety profile; they cannot replicate within healthy cells.

Our immunotherapies can either be used as single agent or in combination with other cancer treatments.



Key achievements in 2021 have confirmed the relevance and value of our two cancer therapeutic approaches. The expected newsflow for 2022 should reinforce the potential and value of our products in development."

H. Ben Brahim
Chairman and Chief Executive Officer

It has been more than a year since I joined Transgene as Chairman and Chief Executive Officer and I am pleased and proud to have experienced such a successful year in 2021 for the Company. Through our capacity for scientific and technological innovation, and by leveraging our strong clinical expertise, we have continued, and will continue, to develop our cancer immunotherapeutics with agility and conviction.

Thanks to the commitment of all our employees, Transgene has achieved many important milestones in 2021. We shared the first positive data from two Phase I trials with TG4050, our proprietary therapeutic vaccine based on our *myvac*® platform. These results demonstrate the significant potential of this breakthrough therapy. The immunogenicity of the vaccine and first signs of clinical activity have been observed. We should be able to confirm these results in the coming months and provide more in-depth data at major scientific congresses, including the AACR, in 2022.

The Phase II trial with TG4001, our therapeutic vaccine against HPV16-positive anogenital cancers, has been launched in 2021, with the first patient enrolled in June, and is continuing at a steady pace. First data from an interim analysis, including up to 50 patients, will be reported in the fourth quarter of 2022.

With our oncolytic viruses, acceleration also continued with the first patient included in the Phase I/IIa study evaluating BT-001, our first candidate from our Invir.IO™ platform.

We also presented the first Phase I data with TG6002 at two major conferences in 2021: AACR and ESMO. These results confirm the feasibility of intravenous administration of this oncolytic virus, based on our proprietary viral vector behind the Invir.IO™ platform. These observations suggest an extended use of these therapies in oncology, significantly expanding the market opportunity of our oncolytic viruses.

In addition, our knowledge and expertise on our Invir.IO™ platform was recognized with the first license option exercised in late 2021 by AstraZeneca for an oncolytic virus, resulting in an upfront payment of $8 million. The collaboration with AstraZeneca continues under the agreement for the development of 5 oncolytic immunotherapies by Transgene.

While we achieved significant milestones in 2021, we expect important readouts with our entire product portfolio in 2022.

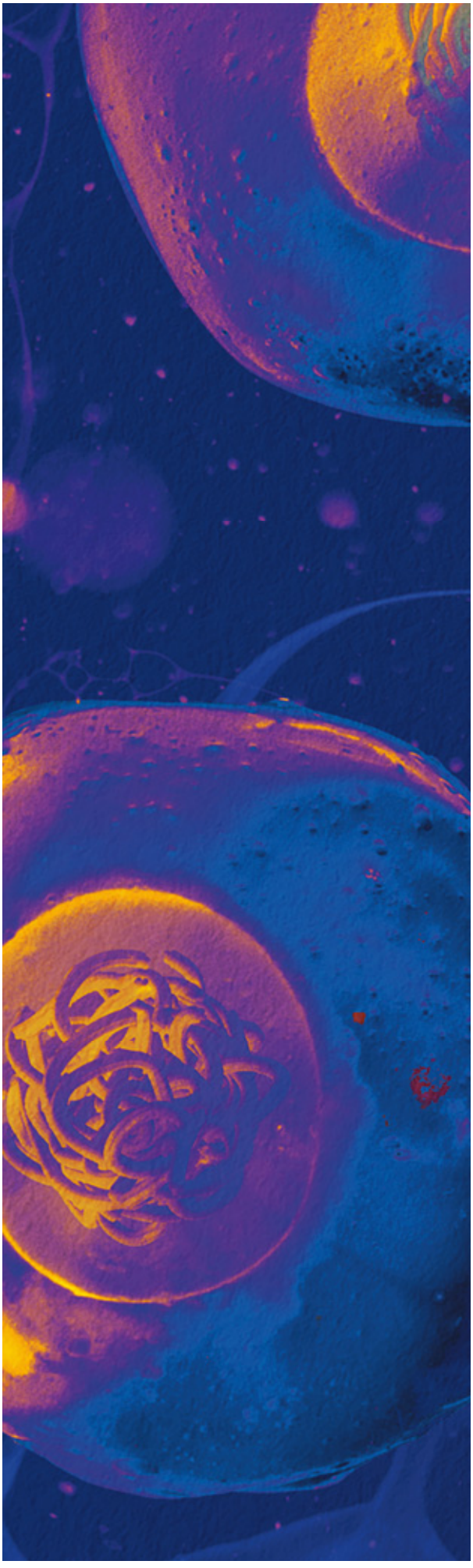
Following the successful completion of a €34.1 million private placement in June 2021 and the additional sale of Tasly BioPharmaceuticals shares in September 2021 for €17.4 million, Transgene has financial visibility until the end of 2023.

We are then in position to pursue Transgene's mission: create value by developing new innovative cancer therapies to complete the therapeutic arsenal available to clinicians and patients.

A DIVERSIFIED DRUG-CANDIDATE PORTFOLIO

Product	Target/transgene	Indication	Collaboration	Preclinical	Phase I	Phase II
THERAPEUTIC VACCINE						
myvac TG4050	30 neoantigens	Ovarian cancer	Orchestrating a brighter world NEC			
		Head and neck cancers				
TG4001	HPV16 E6 – E7	Anogenital HPV+ cancers	MERCK Pfizer			
ONCOLYTIC VIRUS (OV)						
TG6002	5-FU chemotherapy	Gastro-intestinal cancers (IV*)				
		Colorectal cancer (IHA*)				
invir.io BT-001	Anti-CTLA4 + GM-CSF	Tumeurs solides	BioInvent			
OVs	Undisclosed	Solid tumors				
5 OVs	Undisclosed (1 option exercised)	Solid tumors	AstraZeneca			
OV	Undisclosed (CAR-T combination)	Solid tumors	博生吉 PersonGen			

* IV: intravenous administration, IHA: intrahepatic artery administration



Environmental and social responsibility (ESG)

To develop innovative treatments of cancers for which there is no satisfactory treatment.

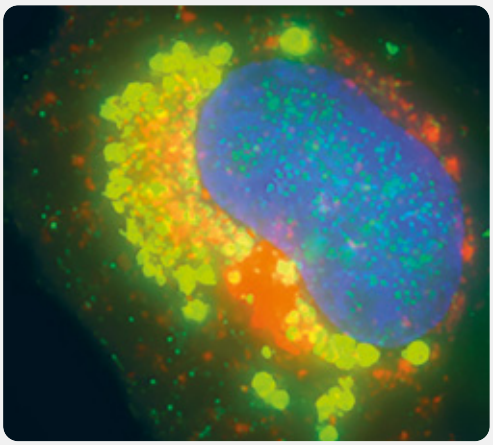
Our mission carries the values of ESG in itself. Transgene has always paid particular attention to ESG and has always promoted the values of humanism, citizenship and respect for the environment.

An ESG report is presented in chapter 4 of this document.

THERAPEUTIC VACCINES

INDUCE DURABLE AND ROBUST RESPONSES

Therapeutic vaccines aim at inducing a cascade of immune reactions that lead to the production of cytotoxic T cells (effective T cells) that will be able to recognize and destroy cancer cells.



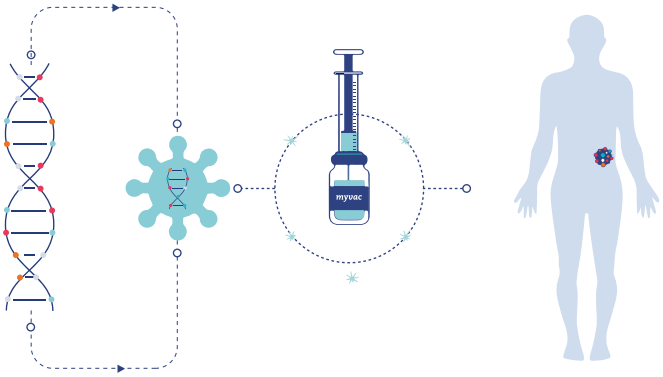
By integrating cancer cell-specific gene sequences into the genome of a viral vector, we direct the immune response against the tumor cells that carry these same sequences.

Transgene developed *myvac*®, an immunotherapy platform, which leverages cutting-edge Artificial Intelligence (AI) capabilities to customize the treatment for each patient.

Transgene's highly innovative technology platform, *myvac*®, enables the generation of a virus-based immunotherapy, which encodes patient-specific cancer cell mutations (neoantigens) identified and selected by NEC's Neoantigen Prediction System, an advanced AI technology approach. The company has also set up a unique in-house Good Manufacturing Practices (GMP) unit.

myvac

ONE PATIENT, ONE CANCER, ONE VACCINE



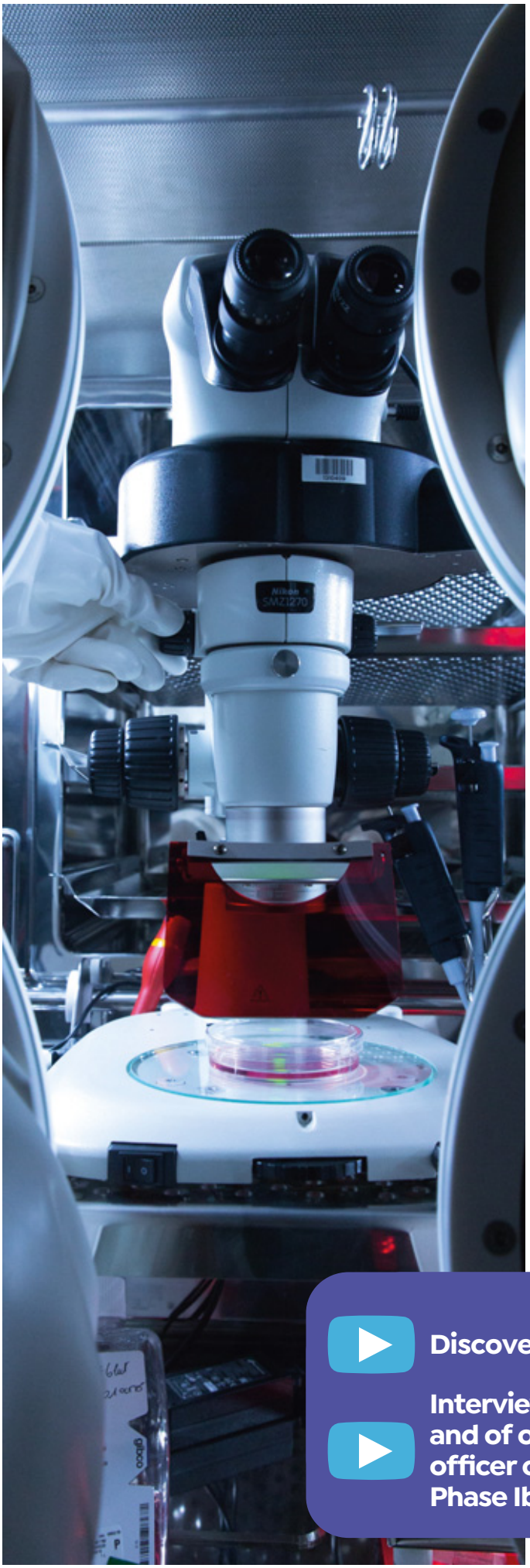
Watch our video on *myvac*®

First promising results with this innovative individualized therapy

TG4050 is the first drug candidate based on the technology *myvac*®.

It is being evaluated in two clinical trials in Europe and in the United States.

The first positive results obtained in the first 6 patients were announced in November 2021. Further detailed data will be presented at major scientific conferences in oncology in 2022.



TG4001 targets cancers induced by the human papillomavirus (HPV).

This therapeutic vaccine provided particularly promising results in a Phase Ib/II clinical trial in 2020. These were presented at the SITC 2020 and ESMO IO 2020 congresses by Professor Christophe Le Tourneau of the Institut Curie.

The pooled analysis of this Phase Ib/II trial demonstrated pronounced anti-tumor activity of the combination of TG4001 and avelumab. Transgene observed that the presence of liver metastases had a significant impact on the results: in patients without liver metastases, the response rate was 34.8% and a median progression-free survival of 5.6 months was achieved.

These promising data compare favorably with standards of care. They allow Transgene and Merck KGaA to expand clinical development in a randomized, controlled Phase II trial. The first patient of this study was included in June 2021. An interim analysis will be performed after the inclusion of approximately 50 patients; data are expected in Q4-2022.

Discover our video on TG4001

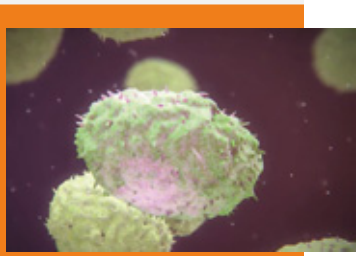
Interview of Prof. Le Tourneau and of our Chief medical officer on the recent Phase Ib/II data:

ONCOLYTIC VIRUSES

DIRECTLY TARGET AND DESTROY CANCER CELLS

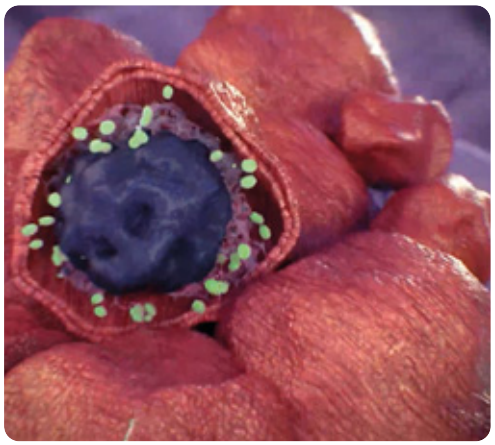
Oncolytic viruses are designed to selectively multiply in cancer cells and induce their breakdown (a process called cell lysis). This process is also involved in activating the patient's immune system. Oncolytic viruses also have the ability to carry therapeutic payloads in their genome, which are expressed during replication in the tumor, and allow to attack the tumor microenvironment on several fronts.

Discover the mechanism of action of oncolytic viruses



TG6002

is an oncolytic virus that allows the production of a chemotherapy agent directly in the tumor.



This drug candidate is being investigated in two clinical trials, evaluating intravenous and intra-arterial hepatic routes of administration, in patients with gastrointestinal cancers. Initial Phase I clinical data with TG6002 were presented at two major congresses in 2021: AACR and ESMO.

These results confirm the feasibility of intravenous administration of this oncolytic virus, based on our proprietary viral vector behind the Invir.IO™ platform.

Discover the mechanism of action of TG6002

Transgene's proprietary platform, Invir.IO™, is dedicated to the design and development of a new generation of oncolytic viruses.

Invir.IO™-based oncolytic viruses are optimized to act as a Trojan horse; they are called 'armed' or multifunctional viruses.

To design these therapies, Transgene integrates into the genome of a patented virus the genetic sequences encoding the therapies that will be produced during viral replication, directly in the tumor. The objective is to improve therapeutic efficacy while limiting side effects for the patient.

BT-001 is the first oncolytic virus from Invir.IO ™.

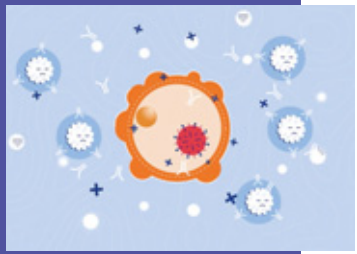
It is armed with an anti-CTLA4 antibody from our partner BioInvent. BT-001 is currently being evaluated in a Phase I/IIa trial; the first patient was treated in February 2021.

Transgene and AstraZeneca have entered into a collaboration agreement under which Transgene designs five innovative oncolytic viruses based on the Invir.IO™ platform.

AstraZeneca has exercised a first license option for an oncolytic virus in December 2021.

More information on Invir.IO™

BT-001 video



1

PRESENTATION OF TRANSGENE AND ITS BUSINESS

1.1 SELECTED FINANCIAL DATA

(in € thousands, except for shares and per share data) *(Consolidated financial statements, IAS/IFRS)*	**Dec. 31, 2021 IAS/IFRS**	Dec. 31, 2020 IAS/IFRS	Dec. 31, 2019 IAS/IFRS
INCOME STATEMENT DATA			
Operating income	**17,413**	**9,915**	**13,733**
Research and development expenses	(32,883)	(27,346)	(31,385)
General and administrative expenses	(7,369)	(6,547)	(7,134)
Other expenses	(686)	(15)	(668)
Operating expenses	**(40,938)**	**(33,908)**	**(39,187)**
Operating income/(loss)	**(23,525)**	**(23,993)**	**(25,454)**
Financial income/(loss)	3,989	6,762	6,650
Share of profit/(loss) and disposal of investments in associates	-	-	-
Income/(loss) before tax	**(19,536)**	**(17,231)**	**(18,804)**
Income tax expense	-	-	-
Net income/(loss)	**(19,536)**	**(17,231)**	**(18,804)**
Basic earnings per share	(0.21)	(0.21)	(0.23)
Diluted earnings per share	(0.20)	(0.21)	(0.23)
Number of shares outstanding	97,771,334	83,841,334	83,265,464
Cash, cash equivalents and other current financial assets	49,569	26,354	43,371
Total assets	101,838	85,453	115,477
Equity	67,209	50,716	65,697
Net cash flow generated by/ (used in) operational activities	(31,943)	(28,742)	(22,413)

1.2 PRESENTATION OF THE COMPANY AND ITS BUSINESS

1.2.1 General business overview

Transgene is a biotechnology company that designs and develops immunotherapy products against cancer. These therapies stimulate the immune defenses of patients in order to specifically target cancer cells.

To achieve this goal, Transgene integrates a comprehensive therapeutic arsenal within optimized viruses (also called viral vectors). Each part of these constructs plays a role in eliminating the tumor. This arsenal consists of genetic sequences called transgenes.

The Company has **two technology platforms** utilizing viral vector engineering: **therapeutic vaccines** and **oncolytic viruses**.

Transgene has four products in clinical development which are therefore being evaluated in patients:

- **TG4050**, an individualized therapeutic vaccine from the *myvac*® platform;
- **TG4001**, a therapeutic vaccine against human papillomavirus (HPV)-positive cancers;
- **BT-001**, an oncolytic virus from Invir.IO™; and
- **TG6002**, an oncolytic virus enabling a chemotherapy to be produced directly in the tumor.

With ***myvac***®, Transgene has developed an innovative platform to create individualized immunotherapies based on neoantigens, which are specific mutations that are found in the tumors of each patient. To select these neoantigens and personalize TG4050 for each patient, Transgene relies on the artificial intelligence (AI) capabilities of its partner **NEC**, a world leader in information technologies. TG4001 is Transgene's most advanced drug candidate. On the basis of promising results obtained in a Phase Ib/II trial, TG4001 is currently being evaluated in a Phase II, controlled and randomized trial, launched in March 2021. This study compares TG4001 in combination with avelumab with avelumab monotherapy in HPV16-positive anogenital cancers.

With its proprietary **Invir.IO™** platform, Transgene builds on its expertise in viral vectors engineering to design a new generation of multi-functional oncolytic viruses. In collaboration with **BioInvent**, Transgene is developing BT-001, an oncolytic virus armed with an anti-CTLA-4 antibody and the cytokine GM-CSF.

Transgene and **AstraZeneca** have been working together since 2019 to co-develop five multi-armed oncolytic viruses from this platform. This research agreement includes a license option, which may be exercised by the pharmaceutical company for each of these drug candidates. In December 2021, AstraZeneca exercised an option to license a first oncolytic virus.

Transgene also conducts other research programs based on its viral vector technology and aimed at supporting the development of its candidates.

The Company is based in Strasbourg, France, and has additional operations in Lyon, France.

Transgene is listed on the regulated stock market (Euronext compartment B) in Paris, France.

1.2.1.1 Business model and strategy

Transgene seeks to obtain proof of concept for its drug candidates in order to find partners capable of continuing their development to market

As a biotechnology company, Transgene designs and develops immunotherapy products (drug candidates or investigational drugs) against cancer. The Company has several drug candidates and two technological platforms (*myvac*® and Invir.IO™) deriving from its know-how in bioengineering.

The Company's business model consists of obtaining the proof of concept for the clinical efficacy or for the potential of its products, primarily in order to license or sell the candidates' rights to pharmaceutical partners able to add value to them and handle their clinical development up to and through the marketing phase.

This search for a partner can be done either on the basis of clinical results (Phase I/II), or on a preclinical proof of concept, as part of global or regional agreements. In exceptional cases, Transgene may be required to conduct Phase III clinical trials or carry out the clinical development of a drug candidate up to the application for approval for market launch (AML).

We develop new technologies that will be integrated into tomorrow's therapeutic arsenal

Cancer treatment has improved greatly in the recent years, with the approval of immunotherapy products. One of the approaches has been to improve the targeting of these tumors by taking into account their specific characteristics, such as type of tissue affected, genetic and immunological profiles, stage of growth, etc.

The *myvac*® and Invir.IO™ platforms meet this challenge with novel approaches, respectively by attacking the tumor on several fronts and by training patients' immune system to recognize their own tumor. The personalized immunotherapies of *myvac*® and the multi-armed oncolytic viruses of Invir.IO™ were designed to be part of the therapeutic arsenal of tomorrow.

1.2.1.2 Main characteristics of the business

All of the Company's activities relate to the research and development of innovative therapies.

Transgene owns an extensive intellectual property portfolio, that protects research and development activities.

Technological platform: Our viral vectors technology enables us to design drug candidates (investigational drugs)

Transgene utilizes viral vectors in which tailored gene sequences have been inserted. The virus acts as a vector to bring these sequences into the tissues where the immune response is triggered and where the desired therapeutic modalities will be expressed. Transgene uses highly attenuated viral strains, optimized to target tumor cells and whose safety profile is recognized.

Transgene's viral vector technology and know-how are the result of several decades of research. Today, we have an in-depth and extensive understanding of them. They are key proprietary competitive advantages for Transgene through the Invir.IO™ and *myvac*® technology platforms. This R&D process notably allows the design of new drug candidates that have the potential to enter preclinical and clinical development.

Vectors and gene transfer

Genes are sequences of DNA and can be found in every cell. They supply the information necessary to produce proteins. The production of proteins starts in the cell's nucleus when the gene is copied. This process called gene expression results in the cells producing the protein.

The most used approach to date for delivering genes has involved transferring the genes with viral vectors. These are used to transfer the genetic material into the patient's cells.

The development of gene transfer methods that are reliable and adaptable is a key element in the development of effective therapies. A therapeutic gene must be included in a vector that, associated with the gene, transports it into the patient's cells. Gene transfer therapies are currently divided into two distinct approaches:

- the *in vivo* (inside the body) approach consists of directly administering to the patient a pharmaceutical compound containing the therapeutic gene and a "vector" responsible for conveying the gene to the patient's target cells, either for gene therapy purposes or to induce an immune response. Transgene products fall into this category;
- cell therapy, or *ex vivo* (outside the body) therapy, consists of removing cells from a patient, cultivating them in a laboratory using a vector to introduce the functional gene into the cells, then re-implanting the modified cells into the patient. At present, Transgene does not develop cell therapy products. It does have the required know-how and may contemplate developments in this field at some point in the future.

To be effective, a vector must be able to:

- transport the transgene of interest;
- transfer the gene to a sufficient number of target cells; and
- allow gene expression to produce the therapeutic protein over a sufficiently long period to ensure the success of the treatment or stimulation of the immune system.

The selected type of vector must also be safe.

Transgene's research in molecular biology techniques for gene transfer has led to the development of various vector technologies. Transgene's research programs on vector technology aim to provide vectors with features that will optimize their performance and safety through:

- the ability to insert the gene of interest (transgene) into the genome site of the most appropriate vector;
- the generation of viral vectors able to, when necessary, multiply selectively in the tumors, thereby locally increasing the therapeutic protein level delivered by the transgene, and the ability to be repeatedly administered by a systemic route (intravenous perfusion) and not only intra-tumorally;
- the ability to alter the tumor microenvironment in order to maximize the effectiveness of the immune response; and
- the search for potential interactions by combining different vectors, for more effective vaccination protocols.

The *poxvirus* family of viruses includes the *Vaccinia* virus, a non-human virus, which has been attenuated and used in "preventive" smallpox vaccination. They meet the aforementioned criteria in a very satisfactory manner.

The large capacity of the genome of the *Vaccinia* virus makes it an especially interesting platform, since it is possible to insert many transgenes into it while ensuring the stability of its genome.

Transgene's lead drug candidates depend on various strains of *poxviruses*, including MVA (Modified *Vaccinia* Ankara) for the therapeutic vaccines and the *Vaccinia* Viruses, in particular the Copenhagen strain, for the oncolytic viruses.

Therapeutic vaccines

For its therapeutic vaccines, Transgene has developed vectors based on the MVA strain, which does not spread in human cells. This strain is thus particularly safe, as demonstrated by its intensive use as a human smallpox vaccine. The MVA vector was tested in Phase II clinical trials of anti-cancer vaccines. It showed high tolerability and an ability to induce a strong and broad immune response (see Section 1.2.2.1).

Transgene launched *myvac*® in 2018 and treated the first patient in 2020 with the individualized product TG4050. With the *myvac*® platform, the Company enters the field of individualized immunotherapy. Our approach is based on the clinically validated MVA viral vector. The *myvac*® products are designed to stimulate and educate the immune system against a patient's cancer by using the genetic mutations specific to his or her tumor (referred to as neoantigens). Once they have been identified through sequencing and selected using artificial intelligence technology, several neoantigens are then incorporated into the genome of the viral vector. Two Phase I clinical trials of TG4050, the first candidate product derived from *myvac*®, started in early 2020 and the first positive data were released in 2021.

Transgene is also developing TG4001, a therapeutic vaccine targeting cancers caused by the human papilloma virus. It is undergoing a Phase II clinical trial.

The Company developed a Vaccinia virus that carries a gene of the rabies virus capable of vaccinating wild animals, particularly foxes, against rabies by scattering vaccine-impregnated bait. This product is marketed today by Boehringer Ingelheim under the name Raboral V-RG®.

Oncolytic immunotherapy

Oncolytic immunotherapy is a new class of anti-cancer treatments. Transgene was one of the pioneers in the development of these replicative viruses.

Oncolytic viruses replicate in cancer cells, leading to the destruction of these cells. They do not replicate in healthy cells. This mechanism differs from conventional treatments such as chemotherapy, antibodies and radiation therapy. Oncolytic products should therefore be used in combination with these treatments or in monotherapy.

Transgene's oncolytic virus program focuses on new generations of *Vaccinia* viruses, some of whose genes have been suppressed ("deleted") to increase tolerance while maintaining effectiveness and their capacity to stimulate the immune system. In addition, these viruses can be armed with multiple features whereby they might alter the immune response in the tumor microenvironment.

Launched in 2017, the Invir.IO™ platform (see Section 1.2.2.2) is part of this research. This technology platform makes it possible to develop a new generation of multifunctional oncolytic viruses targeting the tumor microenvironment. This platform relies on a patented strain of *Vaccinia* virus (VV_{COP} TK-RR-) into which a wide variety of transgenes (such as enzymes, antibodies and cytokines) can be integrated.

A number of projects are based on the Invir.IO™ platform, including:

- BT-001, the most advanced drug candidate. This oncolytic virus encodes the cytokine GM-CSF and BioInvent's anti-CTLA-4 antibody. It is being evaluated in a Phase I/II clinical trial;
- five multi-armed oncolytic viruses developed by Transgene for AstraZeneca under the collaboration agreement with licensing options;
- several proprietary oncolytic viruses designed by Transgene on its own behalf, which are undergoing preclinical evaluation.

Transgene owns an extensive intellectual property portfolio, that protects research and development activities.

Integrated skills from research to development

Transgene's portfolio consists of several products in preclinical and clinical development. They are being evaluated for the treatment of cancers in various stages of the disease for which there is an important medical need.

Transgene has all the capabilities needed to conduct the different steps of preclinical and clinical development of its drug candidates and respects regulation.

Preclinical tests aim at evaluating, *in vitro* and *in vivo*, the safety and the efficacy potential of the products. They are undertaken by Transgene or in collaboration with partners or subcontractors. The purpose of clinical trials is to assess the safety and efficacy of the product in patients (so-called Phase I, Phase II and Phase III trials).

The different clinical trials (or studies)

In oncology, clinical trials are conducted on patients. They are always volunteers, duly informed, who can leave the trial if they wish. For several years in oncology, the boundaries between the different phases of clinical trials have become increasingly fuzzy. Trials may thus combine several phases, for example Phase I/II trials. The descriptions below cover the general scope of clinical trials and do not strictly apply to all Transgene clinical trials.

Phase I: first stage of testing a drug in humans. The Phase I study tests treatment on a small number of patients in order to evaluate safety and the dose to use in Phase II.

Phase II: Phase II clinical studies include a larger number of patients than Phase I and are designed to assess the safety, dose effect and sometimes the efficacy of new treatments. Some immuno-oncology treatments have at times been authorized after extremely positive Phase II results in an indication of high medical need, subject to launching a Phase III trial.

Phase III: Phase III clinical studies can involve hundreds or thousands of patients, depending on the disease, and are designed to evaluate the safety and efficacy of a drug in a controlled setting. The success of a Phase III trial generally leads to the filing of an approval for market launch (AML), required to bring the drug to market.

Our immunotherapies can be used as single agents or in combination with other approved or investigational treatments such as Immune checkpoint inhibitors (ICIs) or chemotherapy.

Production capacity

Transgene has a new production unit called PilotClin. This pilot facility can manufacture small clinical batches that comply with GMP standards, in particular for Phase I clinical trials. It was also designed to meet the tailored or specific production needs of *myvac*® or Invir.IO™ projects.

Open innovation and collaboration

Transgene participates in collaborative programs with public and private partners, in France and internationally. The aim of these collaborations between our staff and the scientific and medical community is to develop our R&D expertise and our portfolio of products and processes, while increasing their visibility, and if possible, to generate revenue or share costs. These collaboration agreements also serve as ways to validate our approaches and as such are crucial to increasing the attractiveness of the products to potential commercial partners.

Several collaborations continued in 2021, including in particular:

- **with NEC.** This collaboration allows NEC to share its artificial intelligence technology. It calls for selecting and ranking the most worthwhile tumor mutations so as to stimulate an immune reaction against the tumors. NEC is also funding 50% of the cost of the two Phase I clinical trials of TG4050;
- **with AstraZeneca.** The goal of this collaborative research agreement is to co-develop five multi-armed oncolytic viruses from the Invir.IO™ platform. Transgene received US $10 million at signature (2019), and US $8 million following the exercise of a first option on an oncolytic virus (2021), to which payments could be added upon completion of preclinical stages and the exercise of options for each other candidate selected by AstraZeneca, as well as milestone payments related to development and marketing, and royalties;
- **with BioInvent.** A first oncolytic virus coding for an anti-CTLA-4 antibody from BioInvent and the GM-CSF cytokine is currently being evaluated in a Phase I/IIa clinical trial in Europe and in the United States. Transgene and BioInvent each contribute 50% of the costs entailed in this collaboration;
- with **PersonGen**. This collaboration, launched in 2022, aims to evaluate the feasibility and efficacy of combination therapeuty associating an oncolytic virus, derived from the Invir.IO™ platform, administered intravenously, with the injection of PersonGen's TAA06 CAR-T cells. This combination will be evaluated in preclinical models on solid cancers, in particular pancreatic cancer and glioma;
- as part of the cancer research consortium **PERSIST-SEQ**. This consortium, which was launched in September 2021, aims to build a reproducible single-cell sequencing workflow to better understand the mechanisms of treatment persistence in tumors;
- within the French **NEOVIVA** consortium. In March 2019, the NEOVIVA project, which supports development of the *myvac*® platform, was selected by Bpifrance for its Investments for the Future program. The Transgene project, in cooperation with the HalioDx partners, Traaser and the Institut Curie, benefits from Bpifrance financing and supplements the collaboration between Transgene and NEC;
- within the framework of the European consortium **ImSavar**. This consortium brings together manufacturers and academic institutions to develop new preclinical models that are better suited and more predictive than the current animal models.

Transgene's activity is highly regulated

Both preclinical and clinical pharmaceutical development as well as pharmaceutical manufacturing, including plant and equipment, and marketing are all subject to very thorough regulations developed by many governmental authorities at the national and at the European level, and in the United States. The European Medicines Agency (EMA), the French *Agence nationale de sécurité du médicament et des produits de santé* (ANSM), the US Food and Drug Administration (FDA) and other regulators require compliance with strict conditions for the manufacturing, development and marketing of products such as those developed by Transgene, especially at the preclinical and clinical stages.

The degree of reporting required for the authorization of a clinical trial or for marketing has been standardized for all medications. The information must meet quality, safety and efficacy requirements.

Requests for authorization of clinical trials are carried out at the national level and can require several approvals from clinical centers.

In the European Union, there is a "centralized" procedure for obtaining approval for market launch for biotechnology products, thereby avoiding a separate submission to each Member State. In the United States and the European Union, the average time required to obtain this authorization is approximately one year from the date the request is submitted.

1.2.2 Overview of platforms and main products

Transgene's product portfolio includes therapeutic vaccines and oncolytic viruses. The following table summarizes the progress of Transgene's portfolio as of the date of this Registration Document:

Product	Target/transgene	Indication	Collaboration	Preclinical	Phase I	Phase II
THERAPEUTIC VACCINE						
myvac TG4050	30 neoantigens	Ovarian cancer	Orchestrating a brighter world NEC			
		Head and neck cancers				
TG4001	HPV16 E6 – E7	Anogenital HPV+ cancers	MERCK Pfizer			
ONCOLYTIC VIRUS (OV)						
TG6002	5-FU chemotherapy	Gastro-intestinal cancers (IV*)				
		Colorectal cancer (IHA*)				
invir.io BT-001	Anti-CTLA4 + GM-CSF	Tumeurs solides	BioInvent			
OVs	Undisclosed	Solid tumors				
5 OVs	Undisclosed (1 option exercised)	Solid tumors	AstraZeneca			
OV	Undisclosed (CAR-T combination)	Solid tumors	博生吉 PersonGen			

* IV: intravenous administration, IHA: intrahepatic artery administration

1.2.2.1 Therapeutic vaccines

The primary target markets of these candidate products are detailed in Section 1.2.6 of this document.

Inducing a targeted, robust and durable immune response

The purpose of therapeutic vaccines is to trigger a cascade of immune responses that result in the production of T-lymphocytes able to recognize and destroy cancer cells.

By integrating genetic sequences specific to cancer cells into the genome of a viral vector, we use the strong sensitivity of the immune system to viruses to induce a response against specific antigens of tumor cells. Transgene uses the viral vector MVA (Modified *Vaccinia* Ankara), a viral strain recognized for its good safety profile and its immunogenicity.

The main therapeutic vaccines currently in clinical development are TG4050, an individualized immunotherapy based on the *myvac*® platform and TG4001, which targets HPV-positive cancers.

myvac®: an innovative individualized immunotherapy that uses Artificial Intelligence technology to personalize each patients' treatment.

With the *myvac*® platform, Transgene is entering the field of individualized immunotherapy and precision medicine. Our approach is based on the MVA viral vector. The *myvac*® products format designed to stimulate and educate the immune system against a patient's cancer by targeting the genetic mutations specific to his or her tumor (referred to as neoantigens). This approach has the advantage of an optimized process allowing a production time compatible with the clinical care of patients. With *myvac*®, Transgene overcame several scientific and technical challenges. The Company set up an innovative workflow that combines bioengineering, digital transformation, established vectorization know-how and unique manufacturing capabilities.

The aim of this platform is to generate several drug candidates that can be administered alone or in combination with other approaches.

TG4050 is the first product from the *myvac*® platform. The first patients were treated in the two Phase I clinical trials which began in early 2020.

An individualized, MVA-based vaccine

The *myvac*® platform is based on a MVA vector whose safety, biological activity and ability to induce an immune response against tumor antigens are established and recognized. The MVA can also induce a broadening of the anti-tumor immune repertoire, known as epitope spreading.

Artificial intelligence to select the most pertinent mutations.

The design of the TG4050 vaccine is based on the integration, into a viral vector, of neoantigens (patient-specific tumor mutations) identified among hundreds of mutations present in the genome of tumor cells. Once identified by sequencing, the mutations of vaccine interest are selected using the power of NEC's artificial intelligence (AI) technologies, and several mutations (up to 30) are integrated into the genome of the viral vector. The prediction system is based on AI expertise that goes back more than 20 years, already used in oncology. The initial training of the system was made possible by the availability of a large public and proprietary database that allows it to prioritize and select with precision the most immunogenic sequences. The system is then constantly improved on the basis of the observations made in the patients treated.

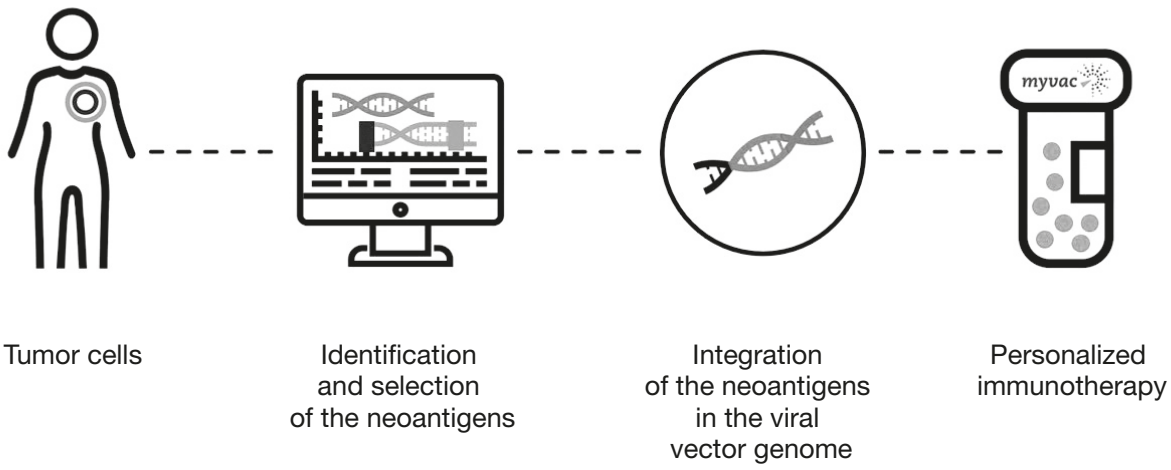
Thus, when *myvac*® is administered to the patient, it triggers an immune cascade against these different targets present in the cancer cells.

Transgene and NEC presented data at the AACR 2020 meeting demonstrating that the prediction algorithm used to personalize TG4050 for each patient is able to accurately identify immunogenic tumoral mutations, even among a large number of tumoral mutations identified in the patient [(1)]. These results demonstrate the superiority of our approach in terms of specificity compared to reference tools. Transgene believes that this advantage could result in increased activity in patients.

A pilot manufacturing site to GMP standards

A production unit, PilotClin, dedicated in particular to individualized clinical batches of TG4050 was created on the Strasbourg (Illkirch) site. It complies with the pharmaceutical manufacturing standards and supplied the doses necessary to the clinical development.

The different stages in the production of myvac®



Consortium agreement

The implementation of new-generation vaccines requires the existence of a technological ecosystem to allow clinicians to best select the patients most able to benefit from this type of approach and to implement the process enabling the characterization of the patient and the availability of the product. To prepare such an environment, Transgene has formed a collaborative network enabling the establishment of a technological ecosystem.

An innovative project, NEOVIVA, received certification from BioValley France, the Grand Est Region Healthcare Competitiveness Cluster, and Eurobiomed. Transgene holds the intellectual property for the *myvac*® viral platform and works actively on the translational development of this innovative technology, particularly as part of the project with French partners: the Institut Curie and HalioDx.

(1) B. Mallone et al., "Performance of neoantigen prediction for the design of TG4050, a patient specific neoantigen cancer vaccine", AACR 2020, June 22-24, 2020, Poster presentation.

- The **Institut Curie** (the Cancer Immunotherapy Center, led by Dr. Amigorena) works on the generation of translational data and the characterization of the mechanism of action;
- **HalioDx** will study biomarkers to monitor and maximize the clinical efficacy of *myvac*® with Immunogram, a high-tech clinical research platform that includes a suite of proprietary tests including Immunosign® and the Immunoscore® assay range;
- **Transgene** secures and manages the genomic data, including the integration of predictive algorithms provided by NEC, its recognized partner in artificial intelligence.

The NEOVIVA project will receive a €5.2 million grant from the PIA *(Programme d'investissements d'avenir)* run by Bpifrance, of which Transgene will receive €2.6 million. The payments are staggered over the 5-year duration of the program.

TG4050: the new generation of individualized vaccine – Phase I

TG4050 is an individualized immunotherapy designed to stimulate the immune system of patients in order to induce a response that is able to recognize and destroy tumor cells in a specific manner. This individualized immunotherapy is designed and manufactured for each patient, on the basis of the mutations specific to his or her tumor. These mutations are identified by sequencing the tumor tissue and are prioritized using the NEC Antigen Prediction System, then integrated into the *myvac*® technology platform (see above). This individualized immunotherapy is produced for each patient in a timeframe compatible with the clinical trial requirements.

Partnership with NEC

The development of TG4050 is based on a strategic partnership between NEC and Transgene. By providing its artificial intelligence and machine learning capabilities, its databases and its expertise in prioritizing neoantigens, NEC supplying Transgene with an essential component for TG4050. The quality and robustness of NEC's AI give Transgene a strong competitive advantage.

In addition, NEC is also funding 50% of the cost of the two Phase I clinical trials of TG4050.

Innovative and patented genetic engineering technologies

The viral vector *myvac*® is based on an MVA, optimized to increase the expression of antigens and their presentation to the immune system. Transgene has also developed VacDesignR™, a tool for optimized insertion of neoantigen sequences into the vector genome.

Description and mechanism of action

TG4050 is a therapeutic vaccine "customized" for each patient, depending on the mutations identified in his or her tumor. These mutations may lead to the expression of tumor neoantigens that are especially useful targets for the tumor-fighting immune response. These neoantigens are known to stimulate a stronger immune response than the "classic" tumor antigens because their expression is limited to the tumor and therefore do not have tolerance issues.

Once identified by sequencing and selected using artificial intelligence algorithms, up to 30 neoantigens are integrated into the genome of the *myvac*® viral vector.

Thus, when TG4050 is administered to the patient, it triggers a cascade of immune responses against a range of targets present in cancer cells.

This approach differs from autologous treatments in that no biological material from the patient is used in manufacturing this pharmaceutical product, making it easier to manufacture and standardize. It is also individualized since it uses the information specific to the characteristics of the patient's tumor.

Ongoing clinical trial – ovarian cancer – Phase I

A first Phase I trial involves the administration of TG4050 to patients with ovarian cancer who have undergone surgery and (neo)adjuvant chemotherapy. A significant fraction of these patients will experience a return of the disease within one year of the initial treatment. TG4050 is administered at the first signs of asymptomatic recurrence in order to initiate a strong immune response in the patient against the cancer cells and potentially prevent progression to a more severe relapse.

A clinical trial began in January 2020 after being authorized by the FDA in May 2019 and by the ANSM in July 2019. A first patient was treated in 2020.

This multi-center, one-arm trial is taking place in the United States and France. The evaluation criteria for the trial include safety, feasibility and biological activity of the therapeutic vaccine.

Dr. Matthew Block, an immunologist and medical oncologist at the Mayo Clinic, is conducting the trial in the United States. In France, the trial is conducted by Dr. Martinez at the Oncopole de Toulouse and by Prof. Le Tourneau at the Institut Curie.

This clinical study is sponsored by Transgene, and is co-financed with NEC.

Ongoing clinical trial – HPV-negative oropharyngeal cancers – Phase I

A second Phase I trial of TG4050 is being conducted among patients with locally advanced, newly diagnosed HPV-negative cancers of the head and neck after surgical resection and adjuvant treatment. To date, patients suffering from these cancers have no effective treatment to prevent disease recurrence. Patients with the most advanced stages of cancer will see a return of the disease within a year following the initial treatment. In this randomized trial, half of the participants receive the therapeutic vaccine immediately after completing the adjuvant treatment. The other half will receive it when the disease recurs, in addition to the standard treatment. In both cases, TG4050 is administered with the aim of initiating a strong immune response in the patient against the cancer cells.

It began in January 2020 after being authorized by the MHRA and the ANSM in July 2019. A first patient was dosed in early 2021.

This two-arm, randomized, open, multi-center trial includes patients in the United Kingdom and France. The evaluation criteria for the trial include safety, feasibility and biological activity of the therapeutic vaccine.

In France, the trial is conducted by Prof. Delord at the Oncopole de Toulouse and by Prof. Le Tourneau at the Institut Curie. In the United Kingdom, the trial is coordinated by Prof. Ottensmeier of the Clatterbridge Cancer Center in Liverpool.

This clinical study is sponsored by Transgene, and is co-financed with NEC.

Key results

In November 2021, Transgene presented the first positive results from the Phase I trials of TG4050. These data were generated from the first six patients treated; they demonstrated the significant potential of this individualized immunotherapy against ovarian cancer and head and neck cancer.

The primary endpoints for these trials are safety and feasibility. Secondary endpoints include the biological activity of the TG4050 vaccine.

Main results of these two Phase I studies, as of November 22, 2021:

- TG4050 is well tolerated, no serious adverse effects were reported in the two studies.
- For the four patients whose immune response was evaluable (the immune responses involving T cells were evaluated for each targeted mutation on day 0 and after nine weeks of treatment with TG4050):
  - all developed a robust T cell response against several targeted mutations (neoantigens) with a median of ten positive responses per patient,
  - T cell responses were observed for class I and class II epitopes, with 64% de novo responses and 36% amplifications of pre-existing responses,
  - the development of adaptive responses was concomitant with the maturation and activation of the patients' circulating immune cells, suggesting that the vaccine is able to effectively stimulate the immune system;
- In the ovarian cancer trial (n = 4):
  - in a patient treated with TG4050 after an increase in the level of CA-125, a normalization of this marker was observed, as well as an absence of clinical progression for 9 months, until death of the patient due to an unrelated chronic disease,
  - one patient with radiological lesions was stable and still receiving treatment with TG4050 nine months after the first injection,
- In the early treatment arm of the head and neck trial (n = 2): as of November 22, 2021, the two patients had been treated for ten months and five months respectively and were stable.

Next stages of development

In both clinical studies, patient recruitment and treatment are progressing in line with Transgene's expectations. In total, Transgene plans to treat 13 patients in the ovarian cancer trial and 30 patients in the head and neck trial. Additional data will be presented at major oncology conferences, including the AACR, in 2022.

Marketing outlook

The Company has not set a possible date for commercial launch.

TG4001: HPV-16 positive cancers including head and neck cancer – Phase II

TG4001 is a therapeutic vaccine targeting the human papilloma virus (HPV-16), including some cancers of the oropharynx and the majority of anogenital cancers. TG4001 has been administered to more than 300 subjects. It has demonstrated good tolerability, a significant HPV clearance rate and promising efficacy results in several clinical trials. TG4001's mechanism of action and safety profile make it very suitable for use in combination with other therapies.

Description and mechanism of action

TG4001 is a therapeutic vaccine designed from a highly attenuated, non-replicative *Vaccinia* virus (MVA). It expresses the E6 and E7 antigens of the HPV-16 virus and interleukin-2 (IL-2), which stimulates immune responses. TG4001 was designed to act against cells carrying the E6 and E7 antigens of HPV-16 in a twofold manner: training the immune system to recognise and kill specifically those cells and, due to IL-2, stimulating the immune system. Its good safety profile was observed in all clinical trials conducted to date.

Lead therapeutic indication

TG4001 is being developed in recurrent or metastatic HPV-16 positive cancers. This development is currently being conducted in combination with an Immune checkpoint inhibitor, avelumab (an anti-PD-L1 monoclonal antibody).

Clinical collaboration agreement

Clinical collaboration with the Merck KGaA/EMD Serono and Pfizer alliance, which supplies avelumab, an Immune checkpoint inhibitor of the human anti-PD-L1 monoclonal antibody type, for the Phase Ib/II trial described below (see also Section 1.2.3).

Clinical trial – HPV-16 positive cancers – Phase Ib/II

In 2017, Transgene began a Phase Ib/II clinical trial to assess the potential of the therapeutic vaccine TG4001 in combination with avelumab in patients with recurrent or metastatic HPV-16 positive tumors.

Transgene is the trial sponsor. The principal investigator is Professor Le Tourneau of the Institut Curie (Paris).

Promising results – Phase Ib/II

In 2020, Transgene presented at two scientific and medical congresses [(1)] results showing a pronounced clinical antitumor activity of the combination of TG4001 and avelumab. These results are based on a pooled analysis of data from 34 evaluable Phase Ib/II patients with oropharyngeal, anal, cervix or other HPV-16 positive cancers.

The objective of this exploratory study was to evaluate the safety and efficacy of the combination of TG4001 and an Immune checkpoint inhibitor in a heterogeneous group of patients treated for their recurrent/metastatic disease with aggressive HPV-16 positive cancers, at an advanced stage.

Main results of the Phase Ib/II trial of TG4001 and avelumab:

- **The combination of TG4001 and avelumab demonstrated a clinically relevant anti-tumor activity (23.5% response rate)** in patients with previously treated recurrent and/or metastatic HPV-related cancers.
- **Presence of liver metastases has a notable impact on outcome** in terms of ORR and PFS. In patients without liver metastases, an ORR of 34.8% and a median PFS of 5.6 months were achieved.
- **The treatment induced HPV-specific T-cell responses** and was associated with increased levels of immune cell infiltration in the tumors and expression of genes associated with activation of the immune system.

An overall response rate of 23.5% was achieved in the 34 evaluable patients. Eight patients responded positively: one complete response and seven partial responses were observed (according to RECIST 1.1 criteria). Responses were obtained for all types of primary tumors, regardless of the number of lines of previous treatments. These results compare favorably with checkpoint inhibitors administered alone.

In patients without liver metastases (n = 23), the objective response rate (ORR) was 34.8%, and the median progression-free survival (PFS) was 5.6 months compared with an ORR of 0% and a PFS of 1.4 months for patients with hepatic metastases (n = 11). The presence of liver metastases was, therefore, identified, during the analysis of the trial data, as having a significant negative impact on the clinical results (the p-values are 0.012 and 0.001 for the ORR and median PFS respectively). The presence of liver metastases is generally associated with an unfavorable prognosis even when these patients are treated with an anti-PD-1/PD-L1.

The disease control rate (DCR) at 12 weeks was 56.6% in patients without hepatic metastases, compared with 9.1% in patients with liver metastases. 60% of patients without liver metastases did not see their disease progress to the fourth month; at the sixth month, this rate was still 40%. At the fourth month, all patients with liver metastases had seen a progress of their disease.

The treatment is able to modulate the tumor microenvironment and induce a "warming" of the tumor phenotype. Seven out of the eleven patients that could be evaluated developed a vaccine-induced T-cell response against the E6 and/or E7 antigens. This response, noted from the 43rd day, was still present six months after the start of treatment. These results support previous findings on long-term control of the disease. An increase in CD3 and CD8 T-cell infiltrates, as well as in PD-L1 expression, was observed in most patients after 43 days of treatment with TG4001 and avelumab. In the overall patient population, these three parameters were higher after treatment. Moreover, analysis of the gene expression profile within the tumor revealed an increase in the expression of immune genes between the beginning and the 43rd treatment day. These genes are involved in immune system activities such as antigen processing and the effector and cytotoxic functions of T cells.

In line with previous data from Phase Ib, the safety of the combination of TG4001 and avelumab was confirmed. The most common treatment-related adverse reactions (TRAE) were general disorders (fever) and injection site reactions (rash). 9.5% of patients reported grade 3, 4 or 5 TRAE.

Initial promising efficacy data were obtained in the Phase Ib part of the trial. These data have been presented in a poster at the European Society for Medical Oncology (ESMO) 2019 Congress.

All of this data supports the continued clinical development of TG4001.

Extension of the clinical trial – addition of part 2 to the Phase II trial

Transgene has amended the protocol of the Phase Ib/II trial in order to accelerate the launch of a randomized Phase II trial based on the promising Phase Ib/II results. This trial, called Phase II part 2, is supported by Merck KGaA and Pfizer, which provide avelumab; Transgene retains all rights to TG4001.

The Phase II part 2 study aims to compare the combination of TG4001 with avelumab versus avelumab alone in HPV-16 positives anogenital cancers. This trial focuses on patients without liver metastases, as this population has previously been identified as responding better to treatment than patients with liver metastases.

(1) Le Tourneau et al. "TG4001 (Tipapkinogene sovacivec) and avelumab for recurrent/metastatic (R/M) Human Papilloma Virus (HPV) – 16+ cancers: clinical efficacy and immunogenicity". 2020 SITC Annual Meeting, November 9-11, 2020, Poster presentation – Le Tourneau et al. "TG4001 therapeutic vaccination combined with PD-L1 blocker avelumab remodels the tumor microenvironment (TME) and drives antitumor responses in Human PapillomaVirus (HPV)+ malignancies". 2020 ESMO IO meeting, December 12, 2020, mini oral presentation.

The first patient was included in June 2021. The trial is actively recruiting patients in Europe (France and Spain) and was recently initiated in the United States.

The main objective of the trial is progression-free survival (PFS) according to RECIST 1.1 criteria. Secondary endpoints include objective response rate (ORR), disease control rate (DCR), overall survival (OS) and other immunological parameters. The trial may include around 150 patients in the final analysis.

An interim analysis will be performed after the inclusion of approximately 50 patients. Transgene expects to report the results of this analysis in the fourth quarter of 2022.

Results obtained in a previous trial – CIN 2/3 – Phase IIb

Solid proof of concept was obtained in a Phase IIb study among patients with precancerous lesions of the cervix (intra-epithelial neoplasia CIN 2/3).

This randomized trial, which included 192 patients, compared the administration of TG4001 in monotherapy with a placebo. 129 women had received TG4001, and 63 the placebo.

- After a 30-month follow-up period, resolutions [(1)] were significantly more numerous among the CIN 2/3 patients treated with TG4001 than in the placebo arm (24% *versus* 10%, $p < 0.05$), regardless of the type of papilloma virus identified in the patient.
- Viral clearance (elimination of the virus) was higher in the experimental group than in the placebo group, regardless of the strain of HPV detected at the start of the treatment ($p < 0.01$).
- TG4001 was also well tolerated, with reactions at the injection site being the most frequent side effects.

These results were published in 2019 in *Gynecologic Oncology* by Dr D.M. Harper of the University of Michigan.

They provided solid proof of concept of the activity of the product in an HPV-positive pathology and, in this respect, are extremely encouraging for TG4001 and the entire MVA platform.

Next stages of development

Transgene plans to release the first data from the interim analysis of Phase II part 2 in the fourth quarter 2022.

Marketing outlook

The Company has not set a possible date for commercial launch.

1.2.2.2 Oncolytic immunotherapy

Selectively destroying cancer cells

Oncolytic viruses are a particularly innovative therapeutic class that offers promise in the fight against cancer.

They replicate in a targeted manner in the tumor where they destroy the cancer cells by cell lysis (or oncolysis) causing the release of tumor antigens thus inducing a specific activation of the immune system against the tumor cells.

Oncolytic viruses can be armed with a comprehensive therapeutic arsenal comprising complementary anti-cancer weapons embedded in their genome: in this case, we refer to multifunction or "armed" viruses.

By attacking the tumor with several mechanisms of action, Transgene develops therapeutic approaches that can lead to an effective therapy against cancer.

Transgene's two oncolytic viruses currently in clinical development are based on a patented strain: VV_{cop} TK-RR- which is also the foundation of the Invir.IO™ platform. It is a poxvirus, optimized to be able to replicate selectively in tumor cells. This selectivity for cancer cells was obtained by removing two genes from it: the genes coding for thymidine kinase (TK) and ribonucleotide reductase (RR). TK and RR are present in great quantity in cancer cells and are necessary for viral replication, but are present in small quantity in healthy cells, making viral replication impossible.

TG6002: solid tumors – Phase I/IIa

A new generation of multifunctional oncolytic virus, TG6002 has been designed to combine the mechanism of oncolysis (targeted destruction of the cancer cell) with the targeted production of chemotherapy (5-FU), directly in the tumor. In addition, the destruction of tumor cells results in the release of tumor antigens, which cause an increase in the immune response. These approaches can attack solid tumors on multiple fronts while avoiding the side effects of chemotherapy.

Description and mechanism of action

TG6002 is based on the VVcop TK-RR- strain described above. It has been optimized to selectively replicate in tumor cells and attract immune defenses into the tumor. TG6002 also expresses the patented gene FCU1, for which expression in the tumor cell leads to the local conversion of the pro-drug 5-FC (flucytosine) in 5-FU (fluouracile), a commonly used chemotherapy. As such, when TG6002 is administered in combination with 5-FC, it allows the production of chemotherapy in the tumor.

TG6002 combines several mechanisms of action to:

- directly and selectively destroy the cancer cells (oncolysis) by causing immunogenic cell death;
- allow the production of a chemotherapy (5-FU), directly in the tumor;
- induce an immune response, following the release of antigens during the oncolysis.

(1) Resolution: total disappearance of CIN lesions.

TG6002 is able to strengthen conventional treatments and could be used in combination (with chemotherapy, monoclonal antibodies or radiation and Immune checkpoint inhibitors) or as monotherapy with cancers that resist these treatments.

Lead therapeutic indication

Transgene is developing TG6002 for the treatment of several solid tumors, such as gastrointestinal adenocarcinoma (stomach, pancreas and colon), for which 5-FU is a common treatment.

Ongoing clinical trial – colorectal cancer (CRC) – IV administration – Phase I/II

The objective of this study is to confirm the tolerance of TG6002 administered intravenously in increasing doses and to provide the first translational data relating to this administration route.

In September 2021, the dose escalation was completed in the absence of dose-limiting toxicity of TG6002 at a dose of $3x10^9$ pfu thus validating the safety profile. In parallel with the dose escalation, since September 2021, a dose intensification schedule has been evaluated for the last two dose levels (10^9 pfu and $3x10^9$ pfu).

In addition, the first translational data show that after its intravenous administration, TG6002 is able to selectively replicate and persist in tumor cells leading to the local expression of its functional payload.

This multi-center trial is active in France, Belgium and Spain. It will include up to 59 patients with advanced gastrointestinal tumors such as colon cancers.

Ongoing clinical trial – colorectal cancer (CRC) with liver metastases – IHA administration – Phase I/II

Transgene also started a Phase I/IIa clinical trial of TG6002 administered through the intrahepatic artery (IHA) in patients with CRC with inoperable liver metastases.

By administering TG6002 *via* hepatic artery, Transgene offers an additional therapeutic option for these hard-to-treat patients. IHA administration should guide TG6002 into the tumor at a higher concentration, thereby augmenting the efficacy while limiting patients' systemic exposure.

Dr. Adel Samson, MB ChB PhD, a medical oncologist at St James University Hospital of Leeds, is the principal investigator of the trial, and Transgene is the sponsor.

This one-arm, multicenter, open trial evaluates the safety, pharmacokinetics and efficacy of repeated, increasing doses of TG6002 administered through the intrahepatic artery in combination with 5-FC administered orally. It is ongoing in the United Kingdom and France. Part 1 of this trial could include up to 20 patients.

The dose escalation of part 1 of the trial began in 2020, inclusions were suspended from April to September 2020 due to the Covid-19 pandemic. The last cohort of patients (dose of 10^9 pfu) are currently being included.

Key results

Transgene relies on a set of robust preclinical data, having demonstrated the good tolerance and efficacy profile of the TG6002 viral vector in several preclinical models in vitro (cell lines) and in vivo (xenografts on immunodeficient mice). In some models, partial responses and even complete ones were observed, as well as a "remote" effectiveness of the oncolytic virus on the metastases. Preclinical results obtained on models of colorectal cancer were published in Molecular Therapy Oncolytics in 2019.

First translational results were presented at AACR 2021 and ESMO 2021 and constitute the clinical proof of concept of the intravenous administration of the viral strain $VV_{COP}TK^-RR^-$ patented by Transgene. They show that after being administered intravenously, TG6002 reaches the tumor, selectively replicates within tumor cells and induces the localized expression of its functional transgene (the FCU1 gene). The analyzes carried out enable Transgene to document the pharmacokinetic properties (PK), the biodistribution of TG6002, and the activity of the FCU1 gene, as part of an IV administration.

Main results obtained providing the clinical proof of concept of the feasibility of the IV administration of TG6002:

- TG6002 infects tumors after its intravenous administration, and remains active there by means of replication, thus allowing the functional expression of the FCU1 gene, selectively in cancerous tissue.
- The chemotherapy agent 5-FU is detected in the tumor tissues and in the peripheral blood, on days 5, 7 and 14, in most patients that can be evaluated at the three dose levels studied ($3×10^8$ pfu, $1x10^9$ pfu and $3x10^9$ pfu).
- The absence of any sign of the generalized presence of the virus in the patient's body and the association of the activity of the FCU1 gene at a high viral concentration in the tumor suggest that the replication of TG6002 is concentrated in the tumor cells.
- No side effects, or toxicity, usually observed following systemic administration of 5-FU were observed, confirming the benefit of this therapeutic approach.
- TG6002 has a good safety profile.

These results confirm the relevance of intravenous administration of oncolytic viruses from the viral strain $VV_{COP}TK^-RR^-$ behind the Invir.IO™ platform,

To date, the only oncolytic virus approved by regulatory agencies is administered directly into the tumor (intratumoral administration), which limits its use to superficial tumors. Intravenous administration would extend the use of oncolytic viruses, derived from Transgene's Invir.IO™ platform, to many solid tumors.

Next stages of Development

The end of the Phase I trial evaluating TG6002 administered intravenously is expected by mid-2022. All translational data will be presented in the fourth quarter of 2022. The first data from the Phase I trial evaluating TG6002 administered by the intrahepatic artery route are expected in mid-2022.

Sale of Chinese rights to TG6002 technology (T601) to Tasly BioPharmaceuticals

T601 is an immunotherapy derived from TG6002 technology. It is currently being developed in China by Tasly BioPharmaceuticals Group Co, Ltd., which holds all rights to research, development and commercialization of T601 for Greater China, following an agreement reached in July 2018. A Phase I clinical trial evaluating T601 administered intravenously to patients with gastrointestinal tumors is underway.

Marketing outlook

The Company has not set a possible date for commercial launch.

New generation of oncolytic viruses – Invir.IO™

The Invir.IO™ platform is based on a patented strain of the vaccine virus ($VV_{COP}TK^{-}RR^{-}$) the origin of a new generation of multifunctional oncolytic viruses able to modulate the tumor microenvironment and thus show improved anti-tumor activity.

The oncolytic viruses generated using the Invir.IO™ platform can be administered by different routes, including intravenous, locoregional or intratumoral routes. They are able to integrate large quantities of genetic material and thus produce, within the tumor, anti-tumor molecules that amplify the anti-tumor activity specific to the virus. Transgene's integrated expertise in design, preclinical characterization and clinical evaluation make Invir.IO™ the ideal platform for developing a portfolio of multifunctional oncolytic viruses.

The Invir.IO™ platform allows the design of product candidates integrating a wide range of weapons (immune checkpoint inhibitors, cytokines, enzymes, etc.).

BT-001 is the first drug candidate from Invir.IO™. It received the necessary authorizations to launch a clinical trial at the end of 2020.

Since 2019, Transgene and AstraZeneca have been working together to generate new oncolytic viruses from the Invir.IO™ platform. In December 2021, the first licensing option was exercised by AstraZeneca. Collaboration continues for the development of other candidates.

Transgene is also designing other proprietary oncolytic viruses that are currently at the preclinical stage.

Invir.IO™, a platform to develop a portfolio of immunotherapeutics combining complementary modes of action

Thanks to Transgene's unique know-how and expertise, the Invir.IO™ platform can generate, produce and characterize numerous candidate products in a highly efficient way.

Our oncolytic viruses are designed to directly and selectively destroy the cancer cells by using an oncolysis mechanism, while also inducing immune responses against tumor cells. In addition, during replication, the virus expresses the weapons integrated in its genome and therefore allows the expression of immunomodulators and/or therapeutic agents specifically in the tumor.

The purpose of these viruses is to counter the mechanisms of immunosuppression linked to the aberrant proliferation of cancer cells which allow the tumor to escape the immune system. These complex cellular and metabolic mechanisms develop in the tumor microenvironment.

Oncolytic viruses optimized to attack the tumor on several fronts and improve cancer treatment

Many therapies are very effective locally but can be toxic when administered systemically. By introducing genetic sequences coding for such therapies into its viruses, Transgene aims to allow the production of these molecules directly in the tumor at therapeutic doses, during the replication of the virus, without exposing the patient to the side effects traditionally associated with the systemic administration of these therapies.

This effect is in addition to the oncolysis activity. This enables the effective modulation of the tumor microenvironment and an increase in the immuno-sensitivity of the tumor while limiting systemic exposure.

Transgene has already demonstrated preclinically that the oncolytic viruses from the Invir.IO™ platform attack tumors on several fronts. In addition to the remarkable lytic properties of the *Vaccinia* viruses, our oncolytic viruses:

- induce the immunogenic death of cancer cells; and
- allow the expression specifically in the tumor of several weapons such as cytokines, chemokines, enzymes, and/or monoclonal antibodies or mini-antibodies (SdAbs – single-domain antibodies) that act against the tumor.

Collaboration agreements

In addition to its proprietary development work, Transgene has signed collaborative research agreements (see Section 1.2.3 and 1.2.4.2). For example, they plan to vectorize the sequences of molecules of interest developed by the partners in an oncolytic virus from the Invir.IO™ platform:

- collaboration with AstraZeneca (May 2019);
- collaboration with BioInvent (December 2017);
- collaboration with Randox (October 2017);
- collaboration wiht PersonGen (January 2022).

BT-001: solid tumors – Phase I/II

BT-001 is an innovative oncolytic virus derived from the Invir.IO™ platform. It expresses an anti-CTLA-4 antibody and the cytokine GM-CSF. It is co-developed by Transgene and BioInvent.

BT-001 was designed to produce an anti-CTLA-4 antibody within the tumor in order to minimize the systemic adverse effects associated with this class of immune checkpoint inhibitor and ensure significant therapeutic activity.

Collaboration agreement

BT-001 is co-developed by Transgene and BioInvent on a 50/50 basis.

Description and mechanism of action

BT-001 is a multifunctional oncolytic virus. It is based on Transgene's Invir.IO™ platform and its patented oncolytic virus VV_{cop}TK-RR-. BT-001 encodes an anti-CTLA-4 antibody derived from BioInvent's n-CoDeR®/F.I.R.S.T™ technology, depleting Tregs and a human cytokine (GM-CSF).

BT-001 combines an action of destroying tumor cells (oncolysis), the activation of anti-tumor immune defenses and the production, in the tumor, of an anti-CTLA-4 antibody and the cytokine GM-CSF, an immunomodulatory cytokine. In particular, the anti-CTLA-4 antibody has shown, in preclinical studies, an activity of modulation of the tumor microenvironment, by causing a depletion of T-reg, lymphocytes that can reduce the action of effector T cells in the tumor.

Lead therapeutic indication

Transgene and BioInvent are developing BT-001 for the treatment of solid cancers.

Ongoing clinical trial – Injectable solid tumors – Phase I/IIa – Intratumoral (IT) administration

An open-label, multi-center Phase I/IIa study is evaluating increasing doses of BT-001 alone and in combination with pembrolizumab.

This trial, ongoing in Europe (France and Belgium), was authorized by the FDA in the United States in May 2021. The first patient was included in February 2021.

Phase I of the trial is organized in two parts. Part A can include up to 36 patients with advanced/metastatic solid tumors who have already received multiple lines of treatment, including other immunotherapies. In this part, BT-001 is administered as a monotherapy by IT injections into palpable skin or subcutaneous lesions, or into easily injectable lymph nodes. It aims to establish the tolerance of BT-001 and to determine the dose and administration schedule for further development. Part B explores the tolerance and synergistic activity of the combination of IT injections of BT-001 with the anti-PD1 monoclonal antibody pembrolizumab in 12 patients. Phase IIa is dedicated to the evaluation of this combination regimen in several patient cohorts with different types of solid tumors. The potential of this approach could be extended to cohorts of patients with cancers that are not traditionally treated with this type of treatment

Key results

BT-001 was evaluated in several preclinical models, *in vitro* and *in vivo*. The results were published in the *Journal for ImmunoTherapy of Cancer* in 2022, presented at SITC 2021 and will be presented at AACR 2022.

In several preclinical models, the murine form of BT-001 (mBT-001) shows exceptional anti-tumor activity, which causes the disappearance of tumors in a majority of mice (> 70% in all the models tested). mBT-001 is effective against both injected and distant tumors.

The preclinical trials also confirmed that the anti-CTLA-4 and GM-CSF antibody expressed by mBT-001 in the tumor cells of mice retains its biochemical integrity and folding, functionality and biological activity.

The results also show that BT-001 can be used in many indications as monotherapy and in combination with anti-PD-1/PD-L1 therapies, including in tumors resistant to treatments due to their low immune capacity.

Finally, they show that the production of anti-CTLA-4 antibodies specifically in the tumor should improve tolerance by reducing the systemic exposure of this class of immune checkpoint inhibitor.

In January 2022, preclinical proof of concept data were published in the *Journal for ImmunoTherapy of Cancer* (JITC). The results published in this article entitled "Vectorized Treg-depleting aCTLA-4 elicits antigen cross-presentation and CD8+ T cell immunity to reject "cold" tumors", demonstrate the potential of the virus to provide therapeutic benefit beyond anti-PD1/anti-CTLA-4 immune checkpoint inhibitors.

Systemically administered anti-CTLA-4 antibodies such as ipilimumab, an approved treatment, have demonstrated significant efficacy but also a toxicity that limits their clinical use. The JITC article shows that, in vivo, the anti-CTLA-4 antibody vectorized and administered by the intratumoral route improves the safety profile of the antibody by reducing systemic exposure. Efficacy is also improved: data from the immunocompetent mouse model show that the vectorized antibody has anti-tumor activity in "cold tumors" that are usually resistant to systemically administered immune checkpoint inhibitors. In addition, they show that better efficacy of BT-001 involves an increase and stimulation of tumor-specific T cells

Next stages of development

The next clinical update on the Phase I trial is expected in the second quarter of 2022.

Marketing outlook

The Company has not set a possible date for commercial launch.

1.2.3 Strategic collaboration agreements

Collaboration agreement with Merck KGaA and Pfizer on a Phase I/II study

In October 2016, Transgene, Merck KGaA and Pfizer entered into a collaboration agreement to evaluate the potential of the therapeutic vaccine candidate TG4001 in combination with avelumab for the treatment of human papilloma virus (HPV) positive cancers, after failure of standard therapy in the framework of a Phase I/II trial. Avelumab is a fully human anti-PD-L1 IgG1 monoclonal antibody that is jointly owned by Merck KGaA and Pfizer. Merck KGaA and Pfizer are providing avelumab and certain technical services to the collaboration, with Transgene contributing TG4001 and playing the role of trial sponsor. On the basis of the Phase Ib/II results presented at SITC 2020, Transgene, Merck KGaA and Pfizer have decided to extend their collaboration to part 2 of Phase II evaluating TG4001 + avelumab *versus* avelumab alone.

Agreements to co-develop oncolytic vectors with BioInvent

In December 2017, Transgene and BioInvent announced a co-development agreement to develop viral vectors from Transgene's Invir.IO™ platform, armed with an anti-CTLA-4 monoclonal antibody developed by BioInvent. The immunotherapies resulting from these collaborations will combine the effects of oncolytic viruses with the properties of the vectorized antibodies, which will be expressed directly in the tumor microenvironment, so as to remove immunosuppression in solid tumors.

The terms of each agreement provide for development conducted by the two companies with an equal share of the costs and revenues and royalties that result, with the possibility for each party to opt out of the ensuing steps of the collaboration in exchange for granting a license and an adjustment of the financial terms.

Collaboration agreement with NEC

On March 4, 2019, Transgene and NEC Corporation signed a collaboration agreement for the design of a personalized vaccine that combines Transgene's *myvac*® technology with neoantigen prediction technologies created by NEC. NEC also co-finances up to 50% of the costs of the two Phase I trials of TG4050 with the goal of obtaining a first proof of concept of the *myvac*® technology. The companies are in discussions regarding the extension of their collaboration to support the development, registration and use of this candidate.

Collaboration agreement with AstraZeneca

In May 2019, the Company announced the signing with AstraZeneca of a collaborative research agreement with exclusive licensing options to co-develop five multi-armed oncolytic viruses derived from Invir.IO™. The agreement calls for the Company to bring its expertise in the area of oncolytic viruses, including viral design and viral engineering, based on its optimized *Vaccinia* virus integrating the double TK-RR- deletion. Transgene will undertake the preclinical development *in vitro* of the candidates. Transgene received US $10 million at signature (2019), and US $8 million following the exercise of a first option on an oncolytic virus (2021), to which payments could be added upon completion of preclinical stages and the exercise of options for each other candidate selected by AstraZeneca, as well as milestone payments related to development and marketing, and royalties.

1.2.4 Other products and collaborations

1.2.4.1 Other products

TG1050: a therapeutic vaccine for chronic hepatitis B

TG1050 is a therapeutic vaccine for the treatment of chronic hepatitis B. This product went into clinical development in 2015 in patients with a chronic HBV (hepatitis B virus) infection being treated by standard antiviral. This product has shown a good safety profile and after administration of a single or multiple doses of TG1050.

Description and mechanism of action

TG1050 is an immunotherapy based on the human adenovirus serotype 5. This non-replicating virus expresses several HBV antigens: the DNA polymerase enzyme responsible for the replication of the virus, the surface protein located on the outside of the virus and which allows the HBV to enter the cells it infects, and lastly the HBV capsid protein, *i.e.* the protein that makes up the structure surrounding the viral genome. Once produced in the body *via* the adenovirus vector, these HBV proteins activate the patient's immune system and induce HBV-specific T lymphocytes that can recognize infected cells and eliminate them.

Therapeutic indication

TG1050 is for treatment of chronic hepatitis B.

First results obtained

Transgene in 2015 initiated a Phase I/Ib clinical study aimed at evaluating TG1050 in patients with chronic hepatitis B treated with standard antivirals. This randomized, double-blind, placebo-controlled, multi-center trial (Europe and North America) assessed the safety profile and tolerability of single and repeated administration of three doses of TG1050, and helped improve understanding of antiviral activity and immune system responses induced by TG1050.

In November 2018, Transgene presented the results of this clinical trial to the AASLD Liver Meeting, showing the achievement of the following objectives:

- good tolerance of TG1050 at the three doses tested in single dose and in multiple doses in patients with chronic hepatitis B under standard antiviral treatment;
- induction of a specific cellular response of HBV. This immune response was observed mainly at the two highest doses in patients with little or no pre-immunity against adenovirus.

Next stages of development

As Transgene does not wish to continue developing this product on its own, it is stopped until the partner is identified.

Marketing outlook

The Company has not set a possible date for commercial launch.

Sale of Chinese rights to Tasly BioPharmaceuticals and development of T101

T101 is an immunotherapy derived from TG1050 technology. It is being developed in China by Tasly BioPharmaceuticals Group Co, Ltd., which holds all rights to research, development and commercialization of T101 for Greater China, following an agreement reached in July 2018.

Following a Phase II trial of T101 in China, Tasly BioPharmaceuticals announced its intention to stop clinical development of this drug candidate.

Pexa-Vec: oncolytic virus against solid tumors

Pexa-Vec (JX594/TG6006 – pexastimogene devacirepvec) is an oncolytic virus designed to selectively target and destroy cancer cells by intracellular replication of the virus cells (oncolysis) and stimulate the anti-tumor immune response. Its mechanism of action and safety profile make it an ideal candidate for combination with other therapies, including Immune checkpoint inhibitors (ICIs).

Description and mechanism of action

The modified *Vaccinia* virus from which Pexa-Vec is derived can selectively replicate in tumor cells. The safety profile and cancer cell selectivity were obtained by the deletion of the thymidine kinase (TK) gene, thus making the virus dependent on the constant high-level expression of the TK gene in cancer cells. Pexa-Vec was also modified to express the immunostimulating protein GM-CSF, Pexa-Vec uses three mechanisms of action to "attack" tumors: cell lysis *via* the selective replication of the virus in tumor cells, blocking of tumor vascularization and stimulation of the immune response against the tumor (active immunotherapy).

Transgene acquired Pexa-Vec's development and commercial rights for Europe (see Section 1.2.4.2).

Clinical trials

A translational study with administration of Pexa-Vex intravenously before surgical intervention (a neo-adjuvant indication) made it possible to document Pexa-Vec's mechanism of action in the tumor microenvironment. The University of Leeds is the sponsor of this trial. Eight patients were treated. Transgene presented early positive findings at ASCO in June 2018, showing that Pexa-Vec stimulates anti-tumor immunity after intravenous administration. A complete pathological response was observed at surgical resection in one of the four patients. The complete results were presented at ESMO in September 2019.

Clinical trials in different types of tumors showed that Pexa-Vec is well tolerated by patients and has a biological activity when injected directly into tumors or administered by IV infusion. Pexa-Vec has an acceptable tolerability profile with known and tolerable secondary effects.

Pexa-Vec has also been evaluated in "investigator-sponsored" studies, which Transgene is coordinating. These Phase I/II studies combined Pexa-Vec with other therapies.

In parallel, SillaJen and Lee's Pharma are conducting Phase I and II clinical trials in their respective geographic regions (North America and Asia/China). These tests principally combine Pexa-Vec with ICIs for the treatment of various solid tumors.

Next stages of development

Transgene does not plan to launch a new clinical trial of Pexa-Vec. The Company retains the European rights for this candidate product.

Marketing outlook

The Company has not set a possible date for commercial launch.

Other programs

Transgene conducts other research programs, capitalizing on its recognized expertise in the engineering of viral vectors, and aimed in the long term at extending the Company's portfolio of preclinical and clinical drug candidates.

1.2.4.2 Other collaborations and contracts

Agreements to co-develop oncolytic vectors with Randox

In October 2017, Transgene and Randox announced a co-development agreement to develop viral vectors from Transgene's Invir.IO™ platform, armed with single-domain monoclonal antibodies (SdAb) generated by Randox. The immunotherapies resulting from these collaborations will combine the effects of oncolytic viruses with the properties of the vectorized antibodies, which will be expressed directly in the tumor microenvironment, so as to remove immunosuppression in solid tumors. The terms of each agreement provide for development conducted by the two companies with an equal share of the costs and revenues and royalties that result, with the possibility for each party to opt out of the ensuing steps of the collaboration in exchange for granting a license and an adjustment of the financial terms.

Agreements with ABL Europe for the manufacturing of clinical batches

In May 2019, the Company implemented a new framework agreement drawing up the conditions applicable to the production services provided by ABL Europe for the clinical batches of drug candidates. This agreement succeeded the agreement of February 1, 2016, and eliminated the business volume guarantee previously granted by Transgene as consideration for a priority right for its orders.

Revolving credit agreement with Natixis

In April 2019 the Company signed a contract with Natixis for a revolving credit agreement capped at €20 million, available in one or more drawdowns. As part of this credit agreement, Transgene must pledge its shares in Tasly BioPharmaceuticals prior to the first draw. The outstanding amount (excluding interest) may not exceed the equivalent of 60% of the value of the pledged Tasly BioPharmaceuticals shares or a ceiling of €20 million. If the value of its shares declines, for example in the event of a decline in the market price of Tasly BioPharmaceuticals on the STAR market in Shanghai after its listing, Transgene may be forced to repay part or all of the amounts borrowed. The agreement with Natixis contains a number of standard provisions, including an early repayment clause in the event of a change of control or certain adverse events, plus restrictions placed on Transgene's debt. If the outstanding amount drawn exceeds 60% of the value of the shares, the Company must immediately repay the difference. The interest on the outstanding amounts drawn as well as an availability commission for the undrawn part are payable on a quarterly basis. In accordance with the principles of revolving loans, the amounts drawn must be repaid in full by the end of the program at the latest. This loan agreement initially ran until October 2021. In March 2020, an amendment extended the availability of this credit facility until June 30, 2022. An additional amendment has been signed in September 2020 resizing this credit line to €15 million, following the sale of 10.3 million Tasly BioPharmaceuticals shares in July 2020. Following the sale of 8.4 million Tasly BioPharmaceuticals shares in September 2021, Transgene and Natixis terminated this credit agreement.

Agreement with Sanofi

In 2013, Transgene signed a collaboration agreement for the creation of a new advanced platform dedicated to the manufacturing of immunotherapy products, including Transgene therapeutic products. The platform was built on the Genzyme Polyclonals site in Lyon, and remains the exclusive property of Sanofi.

Sanofi and Genzyme will act as a bioproduction services company (Contract Manufacturing Organization – CMO) for Transgene and will manufacture clinical and commercial batches for Transgene's immunotherapy products based on MVA technology. Transgene will be a preferred customer of the commercial manufacturing platform for 15 years.

Construction of the viral vector production platform at Sanofi Genzyme Lyon was completed in June 2015. Certification by all health authorities of this platform for the production of large batches of "off-the-shelf", MVA-based therapeutic vaccines was first sought in 2016. Approval of the French health authority was obtained in May 2017 and final approval in the United States was obtained in January 2019.

Tasly BioPharmaceuticals shareholders' agreement

In July 2018, Transgene subscribed for 27.4 million newly issued shares of Tasly BioPharmaceuticals, *i.e.* 2.53% of its share capital, through a contribution in kind of the intellectual property in China necessary for the development and exploitation of a therapeutic vaccine against hepatitis B as well as Transgene's stake in the joint venture Transgene Tasly (Tianjin) BioPharmaceutical Co. Ltd. The assets contributed by Transgene were valued at US $48 million between the parties, and the unit value of the shares received is that negotiated by the institutional funds.

In July 2020, Transgene sold 10.3 million shares of Tasly BioPharmaceuticals to a Chinese institutional fund, and collected US $22.2 million (€19 million). Following this share sale, Transgene holds 17.1 million shares in Tasly BioPharmaceuticals, equivalent to 1.58% of the Chinese company's capital. In September 2021, Transgene sold 8.4 million shares of Tasly BioPharmaceuticals to a related company, and received US $20.2 million (€17.4 million). Following this transaction, Transgene holds 8.7 million shares in Tasly BioPharmaceuticals, *i.e. 0.8%* of the Chinese company's capital. Transgene's remaining shareholding in Tasly BioPharmaceuticals is valued at approximately €18.9 million based on the price as at December 31, 2021.

At the time of the capital increase in 2018, Tasly BioPharmaceuticals and its parent company Tasly Holding Group signed a shareholders' agreement to define their relationships prior to the initial public offering. Besides the normal clauses such as a right of first refusal in the event a shareholder wishes to sell, Tasly Holding Group agrees to buy out the shares subscribed by Transgene. Tasly BioPharmaceuticals is currently pursuing an IPO on the STAR Market in Shanghai, China, after a first unsuccessful attempt at an IPO on the Hong Kong Stock Exchange in 2019-2020. In the event that Tasly BioPharmaceuticals is not listed on the STAR Market before December 31, 2021, and no application is being assessed by the market authorities, Transgene will benefit from a put option that can be exercised from December 2021, requiring Tasly Holding Group to enter into (or have a third party enter into) a sale agreement for Transgene's stake in Tasly BioPharmaceuticals within three months at the initial subscription price plus a contractual annual rate. In December 2021, the shareholders' agreement was amended in order to postpone the date of exercise of the put option until September 30, 2022 and to provide for the effective termination of the shareholders' agreement as soon as Tasly BioPharmaceuticals submitted an initial public offering on the STAR Market in Shanghai.

Consortium agreement in the NEOVIVA project

Transgene is a partner in and coordinator of a research program with, among others, Traaser, HalioDx and the Institut Curie. This program aims to develop an industrial ecosystem able to produce and develop personalized vaccines to treat cancer. That program is known as "NEOVIVA" and is supported by Bpifrance. The members of the consortium signed their agreement with Bpifrance in March 2019.

Under the NEOVIVA program, Transgene could receive grants and conditional advances of up to €0.2 million and €2.37 million, respectively, over the duration of the program. If the project is a success, defined in consultation with Bpifrance, Transgene shall be required, under certain conditions, to repay the advances in installments and then, if applicable, make additional repayments until 2040 or up to a cap of €3.35 million. These obligations relate to the candidate in development, TG4050. Transgene is not liable for any potential repayments by other members of the consortium.

Consortium agreement for the ADNA (Advanced Diagnostics for New Therapeutic Approaches) project

Transgene was a partner in a research program coordinated by Institut Mérieux, which brings together, among others, bioMérieux, Transgene, Genosafe and the Genethon Association. The program's goal was to develop a new generation of diagnostics and therapies focusing on cancers and infectious and genetic diseases. This program, called "ADNA" ("Advanced Diagnostics for New Therapeutic Approaches"), supported by Bpifrance, began in 2007 and ended in 2016.

Under the ADNA program, Transgene received a total of €8.3 million in grants and €15.9 million, in conditional advances. If the project is a success, defined as the marketing of a product for which a grant has been awarded and attaining a minimum revenue level, Transgene must, under certain conditions, repay the advances in installments and then, if applicable, make additional repayments until 2035 or up to a defined minimum. These obligations relate to the drug candidate TG4001.

Licensing agreement with Ascend

In July 2013, Transgene granted Ascend BioPharmaceutical, which became Stamford Pharmaceutical ("Stamford"), a biotechnology company based in the United States and Australia, a license for the immunotherapy product TG1042 to treat a common form of cancer of the skin, nodular basal cell carcinoma (or "BCC" for basal cell carcinoma), as well as two other oncology indications, with Transgene retaining rights to other potential indications. Stamford is currently pursuing a clinical trial of TG1042 in Phase II.

License agreements with Valneva

Transgene and Valneva (formerly Vivalis) have signed two agreements enabling Transgene to use the EB66® cell line in its production processes for certain Transgene products. The first agreement, signed in July 2011, covers the production of Transgene therapeutic MVA vaccines and the second, signed in December 2020, covers the production of Transgene oncolytic products derived from a *Vaccinia* virus.

Under these agreements, Transgene may be required to pay milestone payments or annuities depending on the stage of development of the drug candidates as well as royalties associated with the sales of Transgene products made from Valneva's EB66® cell line. Valneva will also receive revenue from manufacturing under GMP conditions the initial clinical batches of MVA therapeutic vaccine.

Licensing agreement with SillaJen

In August 2010, Transgene and Jennerex Inc. (acquired by the South Korean-based company SillaJen in 2014) signed an exclusive partnership agreement for the development and commercialization in Europe, the Commonwealth of Independent States (CIS) and the Middle East of the oncolytic virus Pexa-Vec for the treatment of solid tumors. In 2015, SillaJen and Transgene amended the partnership agreement to streamline the conduct of clinical studies reflecting the areas of interest of each partner and to redefine the territories. Transgene returned rights to SillaJen for all Middle Eastern countries, Russia, Ukraine, Belarus and Turkey. SillaJen assumed the responsibility of conducting the Phase III

trial in hepatocellular carcinoma. Transgene remains responsible for submitting requests for marketing approval and retains commercialization rights in its territories.

As part of the development activities, Transgene may have to pay SillaJen up to $116.25 million (including $15.25 million already paid) in milestone and approval for market launch payments for several indications, as well as royalties from the sale of Pexa-Vec by Transgene and its sub-licensees. SillaJen also has an option to co-promote the product in the five major European countries in the exclusive territory of Transgene.

1.2.5 Competitive advantages

Transgene believes that its therapeutic approaches and its technologies differ from current treatments in immuno-oncology and that they have the potential to deliver significant improvement to the clinical results of cancer patients.

The Company's main competitive advantages are described below.

The MVA vector technology platform

The MVA platform is one of Transgene's technology platforms and is designed to allow a maximum number of gene transfer applications. It makes available delivery techniques for differentiated genes, suited to distinct clinical situations, specifically in the field of cancer. It has been put into use for several therapeutic vaccines currently under development and for the new *myvac*® personalized vaccine program.

This technology platform has the following potential advantages:

- **safety:** MVA is a modified *Vaccinia* virus obtained from a viral strain unable to propagate in human cells;
- **ease of administration:** Transgene's technology is mainly focused on the development of ready-to-use products in ampules or vials, for direct administration to the patient; and
- **manufacturing efficiency:** production processes that allow for the application of practical cell culture and purification methods, ready for the production of commercial batches, have been developed.

Invir.IO™, a patented platform to generate a new generation of oncolytic viruses

Transgene has an innovative platform to develop a new generation of multifunctional oncolytic viruses, armed with several "anti-cancer weapons" (see Section 1.2.2.2). Multifunctional oncolytic viruses are particularly promising therapies, with the potential to significantly improve the treatment of patients. Study TG6002.02 demonstrated the feasibility of intravenous administration of the $VV_{cop}TK^{-}RR^{-}$ vector behind the Invir.IO™ platform. Transgene believes that this intravenous administration capacity constitutes a competitive advantage over other oncolytic viruses.

This platform leverages Transgene's historical know-how in engineering viral vectors. It is intended to generate, including through collaboration agreements, a portfolio of particularly innovative drug candidates able to modulate the tumor microenvironment.

myvac®, an individualized vaccine based on an MVA

With *myvac*®, Transgene has a state-of-the-art platform for innovation in cancer-fighting immunotherapies. The Company's know-how in virotherapy enables it to incorporate coding sequences for antigens into our individualized immunotherapy. By incorporating sequencing and artificial intelligence into the design of the virus, *myvac*® signals the entry of viral vector-based approaches into the era of digital transformation and precision oncology.

Transgene has created an organization able to design and manufacture this product, which is individualized for each patient, on a competitive basis in terms of turnaround time and cost. This new therapeutic option could represent a major improvement over existing therapies. *myvac*® is also the result of a policy of opening up to partners developing technologies that complement our expertise, in order to develop a multidisciplinary approach.

Integrated skills from research to clinical development

Transgene capitalizes on four decades of recognized scientific expertise. The Company has been active in the field of gene transfer therapy and immunotherapy since 1992, and has gained extensive know-how in key fields for its development: virology, the conduct of clinical trials, and regulatory matters.

An extensive portfolio of patents

Transgene has applied for patents and will continue to do so to protect its products, vector technologies and related processes and other technologies. As of the date of this Registration Document, Transgene holds around 130 patents granted in several countries and territories (including Europe and the United States). More than 100 patent applications are currently pending. In addition to its patent portfolio, Transgene has licenses for third-party patents and the use of third-party processes and technologies.

1.2.6 Principal markets and competition

Transgene is an oncology (cancer treatment) R&D focused biotechnology company. It does not market any products.

1.2.6.1 Principal markets (oncology)

In 2020, nearly 10.0 million deaths were caused by cancer worldwide. This disease is the leading cause of death in developed countries. It affected 19.3 million new patients in 2020. The new version of the IARC (International Agency for Research on Cancer) online database, GLOBOCAN 2020, gives the most recent estimates for 36 types of cancer in 185 countries and provides a thorough overview of the global burden of cancer. By 2040, new cancer cases are expected to reach 29.5 million with cancer deaths increasing to 16.4 million, as a result of population growth and aging (sources: Sung, H *et al*, CA Cancer J Clin. 2021; National Cancer Institute 2020).

Surgery and radiotherapy are currently considered the best treatments available for many cancers. However, patients' survival rate is reduced when the tumors are invasive and metastases appear. Chemotherapy and hormone therapy are the main treatments for cancers at these advanced stages. Nevertheless, except in the case of certain less common types of cancer such as acute childhood leukemia, Hodgkin's disease and testicular cancer, few patients are cured by these treatments and improving their chances of survival remains challenging.

New anti-cancer treatments – called targeted therapies, which include ICIs – have emerged in recent years and several of them are on the market. These therapies use agents that can specifically target and attack cancer cells without seriously harming healthy cells.

Immunotherapy, which also includes ICIs, is another new field in oncology. It uses the patients' immune system by either activating it against the cancer cells or by giving it additional protection, such as proteins produced by bio-molecular engineering. Transgene's cancer treatment programs mainly seek to stimulate and educate the immune system to induce tumor rejection or to directly destroy cancer cells.

The economic impact of cancer is considerable. Its estimated total cost amounted to $97 billion for 2017. The market is expected to reach $274 billion in 2030, assuming an annual average growth rate of 7.5% between 2021 and 2030. The growth of the market is due to the increase in the number of cases as well as by access to new therapies (Allied Market Research).

Recurrent HPV-positive cancers

Several types of cancers are linked with HPVs and known as "HPV-positive". These notably include head and neck cancers and anogenital cancers:

- squamous cell carcinoma of the head and neck (SCCHN) bring together different cancers that affect the mouth cavity, pharynx and larynx. The incidence of head and neck cancers linked to HPV-16 has significantly increased over the last years. It is now recognized that infection by the HPV-16 virus is related to several sub-groups of SCCHN, and oropharyngeal cancers for over 85% (Kreimer et al., 2005), or around 10,000 patients in metastatic stage and second line of treatment;
- other HPV16-positive cancers include cancers of the cervix, vagina, vulva, anus and penis, for a total of approximately 25,000 patients diagnosed at the metastatic stage and with recurrent disease. Sources: meta-analysis, IARC, Globocan, SEER-EU28, USA.

The current treatment options are surgical resection with either radiotherapy, radio-chemotherapy and/or Immune checkpoint inhibitors (ICIs). More efficient treatments need to be developed to treat these diseases, especially for advanced metastatic cancers. Combining immunotherapy with ICIs could be a promising therapeutic option to meet this major medical need. In some indications, with the ICIs, the median overall survival remains less than 11 months, with a median progression-free survival in the order of 2 to 4 months. The overall response rates fall between 10% and 15% depending on the indication.

The randomized Phase II part 2 trial with TG4001, alone or in combination with avelumab, focuses on anogenital cancers.

Gastrointestinal and colorectal cancers

Gastrointestinal cancers include several forms of cancer of the digestive system. They include cancers of the esophagus, gallbladder, liver, pancreas, stomach, small intestine, colon, rectum and anus.

Colorectal cancer (CRC) is the third most frequently diagnosed cancer and the second leading cause of cancer death in the world. In 2020, almost 325,000 new cases of CRC were reported in Europe, with 159,000 deaths. Worldwide, this represents 1.15 million new cases and 577,000 deaths (Globocan 2020). Around half of patients develop liver metastasis, of which only a small proportion are eligible for surgical resection. In the last decade, the prognosis for patients with metastatic CRC has improved, with an average median survival of 30 months.

Ovarian cancer

Ovarian cancer is generally aggressive and detected at an advanced stage. Worldwide, it is the eighth leading cause of cancer deaths in women, but the fifth leading cause of cancer death in Western Europe and North America (Globocan 2018). In 2020, the number of cases worldwide was 314,000 with 207,000 deaths (Globocan 2020).

Treatment of ovarian cancers is mainly based on surgery, which aims to remove the entire tumor and its extensions outside of the ovaries. Chemotherapy is often prescribed after this operation to eliminate any remaining cancer cells and reduce the risk of recurrence. Whilst over 70% of patients have a positive clinical response to this treatment, half of women will have a recurrence (source : Burger et al, New End J Med, 2011). New treatments have been authorized that enable improved progression-free survival but without significant improvements to overall survival. The aggressive and advanced ovarian cancer forms continue to represent a significant medical need.

HPV-negative head and neck cancers

Squamous cell carcinoma of the head and neck bring together different cancers that affect the mouth cavity, pharynx and larynx. When they are not linked to an HPV infection (see above), they are generally due to excessive alcohol or tobacco consumption and have a more unfavorable prognosis. With the exception of cancers such as oropharyngeal cancers, which are mainly due to HPV, most head and neck cancers are HPV-negative. We estimate the number of new HPV-negative cases at just over 747,000 worldwide per year, with around 367,000 deaths. There are strong regional disparities in terms of incidence. (Globocan 2020)

For patients diagnosed at a locoregional stage, surgical treatment must be combined with a therapy such as adjuvant radiation therapy or chemo-radio therapy. These different adjuvant treatments aim to reduce the risk of recurrence. However, disease recurrence is observed during the first year after treatment in 60% of patients (Bernier and Cooper, Oncologist, 2005).

1.2.6.2 Competition

The Company is operating in a competitive environment in which many of the other companies have more substantial financial and human resources than it does. These competitors could roll out technologies similar to the Company's viral platforms or develop and market therapies for the same indications as the Company.

For example Bavarian Nordic AS, BioNtech, Gritstone, Vaccibody and Moderna, with respect to therapeutic vaccines (notably personalized), and Amgen, Replimune, Oncorus, with respect to oncolytic viruses, are all trying to develop viral immunotherapies.

Although there is currently no effective treatment to cure all cancers or solid tumors in particular, some treatments able to prolong survival, such as chemotherapy, are recognized. The outlook for patients has improved over recent years with targeted therapeutic approaches and immunotherapies (including ICIs). These medications are therefore competing or complementary products, depending on their mechanism of action. Transgene's immunotherapies (therapeutic vaccines and oncolytic viruses) act to stimulate the patient's immune response and can be combined with ICIs or chemotherapies.

In the treatment of chronic hepatitis B (indication for TG1050), the standard treatment is a class of antivirals, the nucleosides. One of the treatments, Entecavir, is now available as a generic medication and the other treatment, Tenofovir (Viread®), is commercialized by Gilead. Other products at varying stages of development exist, including the Gilead, Arbutus Biopharma and Alnylam Pharmaceuticals programs.

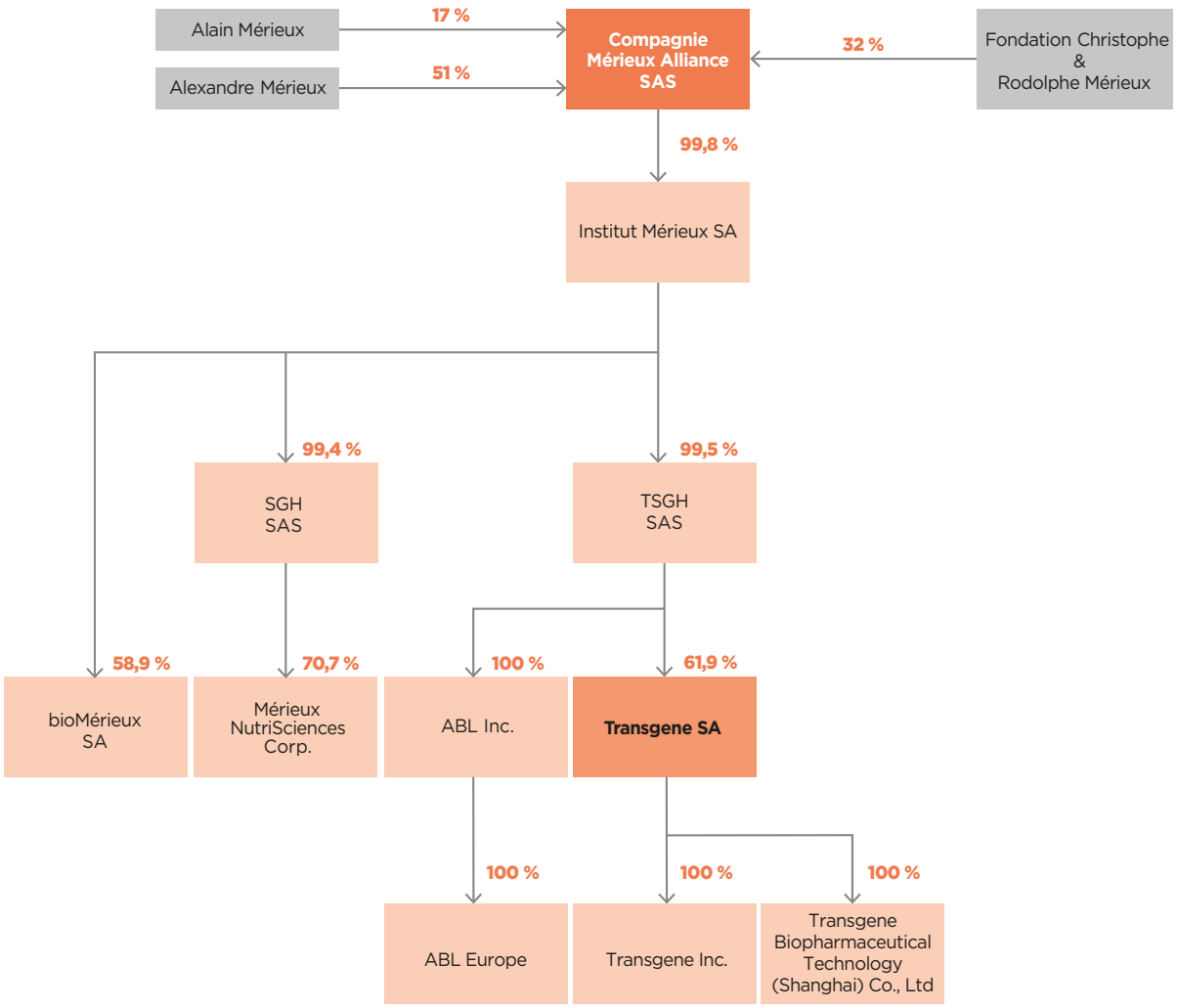
However, despite the advances made in cancer treatments, innovative therapies still need to be developed to extend patients' lives and improve their quality of life.

1.2.7 Organizational chart

1.2.7.1 Membership of the Institut Mérieux group

Transgene is 61.9% owned by TSGH, a financial holding company, which in turn is 99.5% owned by Institut Mérieux itself 99.8% owned by Compagnie Mérieux Alliance, which is 68% owned by the Mérieux family and 32% owned by Fondation Christophe and Rodolphe Mérieux.

Within this group, bioMérieux works on clinical diagnostics, Mérieux NutriSciences provides services in food security and health, and Transgene focuses on immunotherapy research and development.



1.2.7.2 Subsidiaries and investments

Transgene, Inc.

The Company has a subsidiary in the United States, Transgene, Inc., based in Boston, Massachusetts, in which it holds 100% of its capital and voting rights. This subsidiary represents Transgene before various organizations, regulatory authorities and study centers for its clinical trials in the United States. In this context, it comes under the operational control of Transgene, charges its costs to Transgene and has no significant assets. Jean-Philippe Del, Chief Financial Officer, and Hedi Ben Brahim, Chairman and Chief Executive Officer of Transgene, are directors of Transgene, Inc.

Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd.

Transgene created a new subsidiary in China in February 2020, Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd., based in Shanghai, in which it holds 100% of the capital and voting rights. This company was established to support Transgene's business with Chinese partners. In this context, it comes under the operational control of Transgene and has no significant assets. Éric Quéméneur, Maud Brandely and John Felitti, are directors of this company. Hedi Ben Brahim, Chairman and Chief Executive Officer of Transgene, is its supervisor.

1

1.3 BUSINESS OVERVIEW

1.3.1 Principal activities of the fiscal year

In 2021, Transgene confirmed the potential of its two innovative platforms. The Company has an ambitious portfolio of product candidates.

In 2021, the first positive findings were announced from Phase I trials of TG4050, an individualized immunotherapy based on myvac® technology. These positive data were obtained in the first six patients treated; they demonstrate the significant potential of this individualized approach against cancer, based on Transgene's viral engineering expertise combined with the artificial intelligence technologies of its partner NEC.

Based on positive results obtained in 2020, a new randomized Phase II trial of TG4001, in combination with avelumab, was initiated in 2021 in Europe and the United States.

Initial data from Phase I of TG6002 were communicated at major conferences in 2021 and provided the clinical proof of concept for the intravenous administration of the oncolytic viruses developed by Transgene.

BT-001, the first oncolytic virus in our Invir.IO™ platform, co-developed with BioInvent, continues its clinical development in Europe. Promising preclinical data were presented at a major congress and published in a prestigious journal.

In December 2021, Astrazeneca exercised a first license option on an oncolytic virus developed by Transgene, as part of the collaboration agreement under which Transgene is to supply five candidates derived from the Invir.IO™ platform.

The Company completed a capital increase through a private placement in June 2021, allowing it to raise €34.1 million. Transgene also received €17.4 million net in September 2021 from the sale of part of its Tasly BioPharmaceuticals shareholding.

1.3.2 Presentation of the financial statements

1.3.2.1 General

The products developed by Transgene are immunotherapies based on viral vectors. Potential peak sales could exceed a billion euros per year, in cancers such as colorectal cancer. Immunotherapy, including Immune checkpoint inhibitors (ICIs), has been an area of significant clinical progress for the past several years. Transgene focuses on severe diseases for which better treatments will increase life expectancy. The viral approaches used by Transgene have a favorable tolerability profile.

Transgene designs and develops drug candidates at preclinical and clinical development stages. The Company intends to obtain proof of concept of the medical efficacy of its immunotherapies in humans, used as a monotherapy and/or in combination, in particular with ICIs. Once proof of concept is established, Transgene intends to license its products to pharmaceutical industry players.

In order to better valuate its technology platform based on viral vectors, and with the aim of subsequently signing licensing contracts, Transgene also plans to sign collaborative development agreements with pharmaceutical industry and/or biotechnology companies. Transgene does not plan to produce or market its products on a large scale.

1.3.2.2 Main accounting principles (IFRS)

Revenue recognition

At the date of this Registration Document, with no products on the market, Transgene generates revenue from (i) collaboration and licensing agreements signed with other companies in its sector (see Section 1.2.3 and 1.2.4) and (ii) public funding of research expenses (grants and research tax credits).

Some collaboration and licensing agreements provide for research or manufacturing services by the Company, with obligations to customers. The Company invoices its services at a contractually defined price that is generally based on time spent, and billings are recorded in operating income as and when the services are performed. Some of these contracts provide for manufacturing services with a performance obligation. In these cases, the services are recorded in operating income in the income statement after satisfactory quality control and customer acceptance. Revenue received but not yet recognized in the income statement based on the above principles is recorded as a liability under *Deferred income* until it meets the criteria for recognition as operating income. Income from patent licenses generally consists of fees for access to technology paid and non-refundable on the signing of the agreement, and financing by milestone payments and other payments such as royalties on sales.

The Company may be required to grant an option right for a license. Income associated with the concession is recorded as *Deferred income* on the balance sheet and recognized as income on a straight-line basis until the estimated date of exercise of the option by the beneficiary. The expected date of exercise of the option is reviewed periodically.

In the event that the Company is not committed to perform work for the development of technology after signature, the non-refundable fees for technology usage rights paid when the license is signed are recognized as *Operating income* upon the fulfillment of the contractual obligations. In the event that the Company should continue some development work in the technology after signature, or if it has a higher obligation to deliver the product, these rights are recognized in deferred operating income over the period of development or delivery of the product.

Milestone payments received under collaboration and licensing agreements are recognized as income when the operative event has occurred and there are no longer any conditions precedent to the payment by the third party. Operative events are usually the scientific or clinical results obtained by Transgene, the commencement of studies or external factors such as regulatory approvals.

Royalties on sales received under collaboration and licensing agreements are based on sales by licensees of products or technologies. They are recognized on the basis of the license terms, when the sales can be reliably measured and recovery of the related receivables is reasonably assured.

Certain research and development expenses in France are entitled to a research tax credit recognized at the end of the year in which the expense was recorded and the tax credit claimed. If it has not been used by allocation to a tax charge, the tax credit may be redeemed in accordance with the tax provisions. Research tax credits are recognized in the income statement under *Public funding for research expenses* in accordance with IAS 20.

Research and development expenses

Research and development expenses are recognized on the income statement in the period in which they are incurred. Development expenses are capitalized only when IAS 38 requirements are met. At the current development stage of its products, the Company believes that, at the date of this Registration Document, these conditions were not met, and therefore, it did not capitalize its development expenses.

Share-based payments

The Company distributes stock options and bonus shares to its officers and employees. The charge for these distributions is evaluated and spread over time, according to the principles of IFRS 2.

Lump-sum retirement benefits

In accordance with the prevailing laws and practices in France, Transgene offers certain benefits to ensure eligible employees receive a lump sum payment at the time of retirement (lump-sum retirement benefits). In accordance with the obligations and regulations, these defined benefit plans may be funded by investments in various instruments. The rights acquired by active staff are estimated using actuarial valuations based on the probability of death and continued employment by the Company, as well as expected future salaries. The benefit obligation is measured by the projected unit credit method. The value of the obligations was calculated according to the new valuation method recommended by the IFRIC in its decision of April 2021 relating to the allocation of the cost of services associated with a benefits plan. This provision does not apply to employees of entities located abroad.

Financial assets

Financial assets consist of deposits and guarantees for leased assets or debt from a financial institution, equity securities, earn-outs due on the sale of interests, and cash advances made to non-consolidated equity investments.

The valuation of non-consolidated investments without significant influence is based on an analysis using the fair value method. This valuation is periodically reviewed at each reporting date.

Earn-outs due are valued at amortized cost and revalued each year based on expected changes in cash flow. Future cash flows are re-estimated and discounted each year-end based on the progress of the programs concerned and estimated success rates for each clinical phase. The impact of this re-estimate is recognized in financial income/loss.

Other financial assets are recorded at cost and depreciated, as needed, if their carrying value exceeds their recoverable amount as estimated by the Company.

Equity investments in affiliates

As of December 31, 2021, the Company no longer had any investments in affiliates accounted for using the equity method.

Conditional advances

Conditional advances are only reimbursed if the research and development projects that they finance are successful, according to criteria set out in advance with the funding body.

Conditional advances received as part of the ADNA program are recorded according to IRFS 9, based on discounted expected future reimbursements. The reimbursement of advances is subject to the fulfillment of a revenue threshold on the TG4001 product predetermined for the following five years, and in proportion to the revenue from these products until a reimbursement ceiling is reached, or up until 2035. Future cash flows are re-estimated and discounted each year-end based on the update on the revenue prospects of the two products. The impact of this re-estimate is recognized in financial income/loss.

1.3.3 Financial position and appropriation of income

The Company has historically incurred losses and expects to continue to incur more losses over the next few years, due to costs incurred by its research and development programs and preclinical and clinical trials. In previous years, the main sources of Transgene revenue were the remuneration of service contracts for third parties, research and development collaboration and government subsidies. Future revenue should be limited to payments related to existing and future strategic partnerships with pharmaceutical companies, third party research contracts, current or future license agreements, financial income from cash investment and public funding.

Comments on operating results (IFRS standards)

Fiscal years ended December 31, 2021 and 2020

INCOME STATEMENT

(in € thousands, except for per-share data)	Dec. 31, 2021	Dec. 31, 2020
Revenue from collaborative and licensing agreements	9,993	2,981
Government financing for research expenditure	7,021	6,362
Other income	399	572
Operating income	**17,413**	**9,915**
Research and development expenses	(32,883)	(27,346)
General and administrative expenses	(7,369)	(6,547)
Other expenses	(686)	(15)
Operating expenses	**(40,938)**	**(33,908)**
Operating income/(loss)	**(23,525)**	**(23,993)**
Financial income/(loss)	3,989	6,762
Share of profit/(loss) and disposal of investments in associates	-	-
Income/(loss) before tax	**(19,536)**	**(17,231)**
Income tax expense	-	-
Net income/(loss)	**(19,536)**	**(17,231)**
NET INCOME/(LOSS)	**(19,536)**	**(17,231)**
Basic earnings per share *(€)*	(0.21)	(0.21)
Diluted earnings per share *(€)*	(0.20)	(0.21)

Operating income

Revenues from collaboration and licensing agreements amounted to €10 million in 2021 compared to €3 million in 2020. These are mainly revenues recognized over the period as part of the collaboration with AstraZeneca for €9.9 million (compared to €2.9 million in 2020); This increase is linked to the exercise of the license option made by AstraZeneca for an oncolytic virus from the Invir.IO™ platform for €7.1 million in 2021.

Public funding for research expenses accounted for €7 million in 2021 versus €6.4 million in 2020, relating to the research tax credit of €7 million in 2021 (€6.3 million in 2020).

Other income

Other income stood at €0.4 million in 2021, versus 0.6 million in 2020. It corresponds to the €0.2 million in NEOVIVA conditional advances granted at a preferential rate, as in 2020. These advances have been restated in accordance with IAS 20, with the subsidy portion recognized in *Other income*.

Operating expenses

Research and Development "R&D" expenses

R&D expenses amounted to €32.9 million in 2021, versus €27.3 million in 2020.

The following table details R&D expenses by type:

(in € millions)	Dec. 31, 2021	Dec. 31, 2020
Payroll costs	12.4	11.5
Share-based payments	1.7	0.8
Intellectual property expenses and licensing costs	1.1	0.9
External expenses for clinical projects	6.3	5.4
External expenses for other projects	4.5	2.4
Operating expenses	5.1	4.6
Depreciation and provisions	1.8	1.7
RESEARCH AND DEVELOPMENT EXPENSES	**32.9**	**27.3**

R&D payroll costs (salaries, charges and related expenses) amounted to €12.4 million in 2021, compared to €11.5 million in 2020, due to the increase in headcount linked to the increase in production activities.

The cost of share-based payments amounted to €1.7 million at December 31, 2021, compared to €0.8 million for the same period in 2020, notably following the granting of a new free shares plan in 2021.

Intellectual property and licensing expenses amounted to €1.1 million in 2021 versus €0.9 million in 2020.

External expenses on clinical projects were up to €6.3 million at December 31, 2021, compared with €5.4 at December 31, 2020 following the launch of several studies, notably for the TG4001 and BT-001 projects as well as for the accelerated spending for the TG4050 project.

External expenses on other projects (research or industrial) amounted to €4.5 million in December 31, 2021, compared to €2.4 million in December 31, 2020. This increase is mainly due to the start in 2021 of a project to improve manufacturing processes.

Operating expenses also increased to €5.1 million at December 31, 2021, compared to €4.6 million over the same period last year due to the internal production of clinical batches for the various studies.

General and administrative expenses

General and administrative expenses amounted to €7.4 million at December 31, 2021, compared to €6.5 million at December 31, 2020

The following table details G&A (general and administrative) expenses by type:

(in € millions)	Dec. 31, 2021	Dec. 31, 2020
Payroll costs	3.4	3.2
Share-based payments	1.3	0.9
Fees and administrative expenses	1.9	1.8
Other general and administrative expenses	0.7	0.5
Depreciation and provisions	0.1	0.1
GENERAL AND ADMINISTRATIVE EXPENSES	**7.4**	**6.5**

Payroll expenses at December 31, 2021 were €3.4 million, compared to €3.2 million at December 31, 2020. The cost of share-based payments amounted to €1.3 million at December 31, 2021, compared to €0.9 million for the same period in 2020, notably following the granting of a new free shares plan in 2021. Management fees and expenses amounted to €1.9 million in 2021, compared to €1.8 million in 2020.

Other expenses

Other general and administrative expenses amounted to €0.7 million at December 31, 2021, compared with €0.5 million at December 31, 2020.

Financial income/(loss)

Net financial income resulted in a net income of €4 million in 2021 *versus* a net income of €6.8 million in 2020.

In September 2021, the Company sold 49% of the equity securities of Tasly BioPharmaceuticals for €17.4 million. The sale of the Tasly BioPharmaceuticals shares generated a net gain on the disposal of assets of €1.3 million. The shares still held by the Company as of December 31, 2021, were revalued at €2.4 million. This revaluation corresponds to the difference between the fair value in euros (sale price in September) and the fair value at December 31, 2020. In 2020, the first partial sale of shares Tasly BioPharmaceuticals and the revaluation of the remaining shares generated income of €9.1 million.

At December 31, 2021, the discounting of the debt on ADNA's conditional advances generated financial income of €0.7 million, compared with a financial expense of €0.6 million at December 31, 2020.

As of December 31, 2020, the Company had recognized income of €1.3 million following the agreement reached with the former shareholders of ElsaLys Biotech SA for the acquisition of the latter by Mediolanum Farmaceutici.

As of December 31, 2020, the Company recognized a financial expense of €1.8 million corresponding to the waiver of the receivable on the sale of SillaJen investments. The representative of the former shareholders had entered into an agreement with SillaJen terminating the earn-out commitments

Net income before tax

Net income before tax was a net loss of €19.5 million in 2021 *versus* a net loss of €17.2 million in 2020.

Net income/(loss)

Net income before tax was a loss of €19.5 million in 2021 *versus* a net loss of €17.2 million in 2020.

Net loss per share was therefore €0.21 in 2021, as in 2020.

Dividend policy

The Company has not distributed a dividend since its formation. In the coming years, it plans to use all available funds to finance the business and future growth.

Post-closing events

None.

1.3.4 Cash flow, financing and capital resources

To date, the Company has been funded by capital increases. Historically, the Company has mainly been financed by its majority shareholder, due to that shareholder's wish to maintain control and the level of equity interest.

Investments

Investments in property, plant and equipment and intangible assets amounted to €1.0 million in 2021 (€2.4 million in 2020).

Conditional advances and loans

Since 2019, Transgene has acted as lead company in a new research program, NEOVIVA, supported by Bpifrance. The Company could receive up to €2.6 million (€0.2 million in subsidies, €2.4 million in conditional advances) over five years. Transgene received €0.6 million of conditional advances under this program in 2021.

In April 2019 the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down once or on several occasions. Transgene was to pledge the shares held in Tasly BioPharmaceuticals. An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following a first sale of Tasly BioPharmaceuticals shares in July 2020. Following the second sale of Tasly BioPharmaceuticals shares in September 2021, the credit line was canceled completely, in accordance with the terms of the agreement. The Company had not drawn on this credit facility

Liquidity and capital resources

The Company's cash is invested in short-term money-market mutual funds or placed, at market conditions, in a cash pool managed by the majority shareholder of Transgene, Institut Mérieux.

As of December 31, 2021, the Company's available cash amounted to €49.6 million *versus* €26.3 million on December 31, 2020. The Company held a capital increase in June 2021 raising gross proceeds of €34.1 million.

Cash burn

The Company's net cash burn amounted to €10 million in 2021, excluding capital increases, *versus* €17 million in 2020, excluding capital increase.

1.3.5 Investments

The main investments in tangible and intangible assets made by the Company during the past two years are as follows:

2021	Thousand euros	Principal investments
Tangible	660	Maintenance and laboratory equipment
Intangible	28	Software
2020	**Thousand euros**	**Principal investments**
Tangible	850	Maintenance and laboratory equipment
Intangible	25	Software

None of these investments had a unit value higher than €0.5 million.

The forecast budget for tangible and intangible investments in 2022 amounts to around €1.0 million. This budget includes current operating investments for the replacement and improvement of equipment and facilities.

Investment in financial assets over the last three years evolved as follows:

- in September 2021, the Company sold 49% of its stake in Tasly BioPharmaceuticals for €17.4 million. The Company now holds 8.7 million shares of Tasly BioPharmaceuticals, i.e. 0.8% of this company's share capital. During a first sale, in July 2020, the Company sold 38% of the Tasly BioPharmaceuticals shares it held for US $22 million. At the time, the Company held 1.58% of Tasly BioPharmaceuticals;
- in April 2020, the Company acquired a stake in Vaxxel SAS for €118 thousand, in return for the transfer of rights to the DuckCelt®-T17 cell line. This amount corresponded to 10% of the share capital of Vaxxel SAS at the date of the transaction;

1.3.6 Foreseeable changes, future prospects and significant events subsequent to the end of the financial year

1.3.6.1 Information on trends

The Company has financial visibility through the end of 2023. Because of the difficult-to-predict effects of the Covid-19 pandemic on the expense and revenue assumptions on which this financial forecast is based (see 2.4.8), the Company cannot accurately estimate at this stage the impact of this pandemic on its cash consumption, but considers that this impact would be moderate.

1.3.6.2 Profit forecasts or estimates

None.

1.3.6.3 Significant change in financial or commercial position

None.

2

RISK FACTORS

The Company conducted a review of the risks that could have a material adverse effect on its activity, financial position, earnings or its ability to achieve its goals. In this section, in application of Article 16 of the Prospectus regulation we present the categories of risk that we consider to be the most relevant to investors as of the date of this Universal Registration Document. Investors should note that the selection of risks presented below is based on the criteria set out under Article 16 of the Prospectus regulation and the recommendations of ESMA, and that an investment in the Company remains subject to additional risks which are either (i) unforeseen as of the date of this Universal Registration Document, (ii) the realization of which is not considered, as of the date of this Universal Registration Document, to be as likely to have a material negative effect on its activity, financial position, earnings or its ability to achieve its goals, or (iii) which are generic to its industry, to listed companies or to any company generally, even if such risks are substantial. For example, a category of risks related to commercialized products has not been included because the Company currently has no registered products and does not under our current business model intend to directly commercialize our products, but changes in the product liability regime or the marketing environment can be expected to have some effect on the value of our investigational drugs to partners and therefore on the value of our business.

Investors should carefully consider the following risk factors. They must also take note of the other information provided in this Universal Registration Document, in particular information related to the financial statements and notes thereto.

The table set out below summarizes the principal risk factors identified by the Company as of the date of this Universal Registration Document and indicates for each risk factor the likelihood of occurrence and the possible negative effect on the Company, in each case taking into account corrective actions and risk management measures that have been put in place. Based on the Company's evaluation, the likelihood of occurrence has been classified as "low", "medium" or "high" and the potential negative effect has been classified as "low", "moderate" or "critical". For each of the seven risk categories below, the order of the risks takes into account this classification with the risk having the highest likelihood of occurrence and most critical potential negative effect appearing first in the list.

Ref.	Category	Risk	Probability	Potential impact
2.1.1	Partnership	Our portfolio of candidates may not meet our partners' requirements.	medium	critical
2.1.2		Dependence on partners.	medium	critical
2.1.3		Transgene may not be sufficiently visible to potential partners.	low	moderate
2.2.1	Finance	Available funds might be exhausted.	high	critical
2.2.2		Capital needs might persist and even increase.	high	critical
2.2.3		Revenues from partnerships might not materialize.	medium	critical
2.2.4		Licensing revenue is volatile.	high	moderate
2.2.5		Partnership structures may not immediately increase liquidity	medium	moderate
2.2.6		Financing efforts may have an adverse effect on existing shareholders.	medium	moderate
2.2.7		Uncertain value of equity securities in other companies.	high	critical
2.2.8		Exposure to loans and factoring.	low	low
2.2.9		French income tax laws could change unfavorably.	low	moderate
2.2.10		High foreign exchange risk.	medium	moderate

Ref.	Category	Risk	Probability	Potential impact
2.3.1	Portfolio	Poor market acceptance may limit the value of our products.	medium	critical
2.3.2		Our technological and competitive environment changes rapidly.	high	critical
2.3.3		Combining therapies carries additional risks.	medium	moderate
2.3.4		Transgene could be unable to identify emerging technologies or integrate them successfully.	medium	moderate
2.4.1	Clinical development	One or more of our clinical trials might fail/Our products might not be authorized for sale.	high	critical
2.4.2		Opportunities might be lost due to long and costly regulatory process.	medium	critical
2.4.3		Difficulties in determining the necessary parameters for the success of our candidate drugs.	medium	critical
2.4.4		We may be involved in trial protocols that turn out to no longer be feasible or suitable for authorization, repayment or partnership opportunities.	low	critical
2.4.5		The complex regulatory environment for clinical trials may impose heavy costs.	medium	moderate
2.4.6		Liability claims regarding products could harm our business.	low	low
2.4.7		Uncertainties created by Brexit.	medium	low
2.4.8		Impact of the Covid-19 pandemic.	high	moderate
2.5.1	Manufacturing issues	Transgene's ability to produce clinical batches and fulfill its contractual obligations to AstraZeneca depends on the performance of its internal production tool.	low	critical
2.5.2		Dependence on outsourcers.	low	critical
2.5.3		Reliance on critical suppliers for the procurement of raw materials and consumables	low	moderate
2.5.4		Environmental risks related to the manufacture and use of our products.	low	low
2.6.1	Intellectual property	The Company might fail to patent its products.	low	critical
2.6.2		The Company may not be free to operate.	medium	moderate
2.6.3		Unpatented intellectual property may be difficult to enforce legally.	medium	moderate
2.6.4		Intellectual property disputes are risky and costly	low	low

2.1 RISKS RELATED TO PARTNERSHIPS

The Company's business model (see Section 1.2.1.1) entails out-licensing of our drug candidates and technologies to third-party partners for the completion of clinical trials, product registration and, ultimately, commercialization. Multiple risks affect such partnerships.

2.1.1 Our candidate portfolio may not meet the needs of partners

The pharmaceutical companies that make up the largest part of Transgene's partnering opportunities typically in-license product candidates to reinforce their own product pipelines for reasons which may be driven by their own technological capacities, perceived pipeline gaps including those caused by internal program failures, changes to strategy, competitive considerations or other fluctuating criteria and are not possible for Transgene to predict when they will make critical decisions in relation to their portfolio. While the pharmaceutical market overall is highly competitive, there are in reality typically a relatively small number of potential partners for a given candidate. As a result, even a Phase I or II candidate which has the potential ultimately to be developed into a successful commercial product may not necessarily meet partner demand at the time when Transgene would ordinarily seek to license it. In addition to the opportunity cost, failure to out-license a candidate at such a juncture may require Transgene to continue costly development into the subsequent clinical stage, to accept lower value opportunities, or even to shelve the candidate.

2.1.2 Dependence on partners

Transgene depends on a limited number of potential partners for the development and marketing of its candidates. Depending on the agreement, Partners may either decide or co-decide the development and commercialization paths for a candidate and may impose choices which Transgene considers sub-optimal for the candidate or for Transgene's overall product platform. In developments which provide for co-decision, there may also be cases in which development is blocked by failure to reach an agreement. In the event of disagreement, it may be difficult for Transgene to successfully assert its rights because of the difficulty inherent to litigating in a foreign court against a well-funded party. Even where there is no fundamental disagreement on the strategy of development or breach of contractual obligations, the results obtained by the partnered product in clinical studies or commercially or changes in a partners' business strategy may cause the partner to terminate our partnership. The failure or termination of a partnership could have a significant negative impact on Transgene's financial prospects or on investor sentiment concerning the Company. In cases where Transgene recovers the rights to the terminated product, there can be no assurance that a new partner can be found even after substantial additional investment by Transgene in the further development of the drug candidate. As of the date of this Universal Registration Document, the Company has signed the following agreements with partners for products it is developing:

- AstraZeneca: research and license option agreement on five oncolytic virus candidates from the Invir.IO™ platform (see Section 1.2.3);
- NEC Corporation: collaborative Phase I clinical trials of the personalized vaccine TG4050 incorporating NEC's proprietary neo-epitope ranking algorithm. The further development and marketing for this vaccine will depend on future joint decisions with NEC Corporation (see Section 1.2.3);
- BioInvent: collaborative development and co-ownership of BT-001, an oncolytic virus from Transgene's Invir.IO™ platform, including an ICI owned by BioInvent. The development plan, currently in Phase I, and partnership agreement strategy of this candidate will depend on future joint decisions with BioInvent (see Section 1.2.3);
- Merck KGaA and Pfizer: collaborative Phase II trial of the TG4001 vaccine in combination with avelumab. Any amendment to the study protocol will depend on future joint decisions with Merck KGaA and Pfizer (see Section 1.2.3);
- Tasly BioPharmaceuticals: transfer of Chinese rights to T101 and T601 (equivalents of TG1050 and TG6002) for a one-time payment in shares in 2018, with ongoing coordination and information sharing obligations relevant to TG1050 and TG6002 outside of China (see Section 1.2.4.2);
- SillaJen: in-license to Transgene of European manufacturing and marketing rights to the oncolytic virus Pexa-Vec. Transgene and SillaJen share the development of the product, with each currently independently conducting clinical evaluations. A Phase III trial of Pexa-Vec conducted by SillaJen was halted in 2019 for futility (see section 1.2.4.2) but SillaJen continues with Phase I/IIa trials.

2.1.3 Transgene may not be sufficiently visible to potential partners

Because of Transgene's relatively small size and its location in Strasbourg, France, outside of the principal bio-pharmaceutical centers, the Company competes with other medical research companies with greater resources for generating publications, participating in key industry events and conducting business development. Consequently, Transgene risks being unable to convince a major partner and establish a partnership in timely fashion. The candidate drug proposed to potential partner has to fit with the partner's strategic objectives and be more attractive than competing candidate drugs.

2.2 FINANCIAL RISKS

The Company's development requires significant capital. Multiple risks affect our ability to continue to fund our activities.

2.2.1 Available funds may be exhausted

Based on current financial resources available to Transgene (cash, cash equivalents, other financial assets and equity investment in Tasly) and projected operating expenses, Transgene estimates that it has the financial capacity to finance its activities through 2023. The Company's ability to monetize the equity securities in Tasly BioPharmaceuticals by the end of 2023 is dependent on the success of its IPO project in 2022. Transgene's financial position means that in the medium and long term, additional cash resources will be required. If Transgene is unable to generate additional cash resources during that time frame, the Company may be required to significantly curtail one or more of its research and development programs or to cease operations altogether.

2.2.2 Capital requirements may persist and even increase

While Transgene's long-term business plan aims for stable operational sources of funds—such as royalties from out-licensed products—to reliably cover operating expenses, today Transgene's operations consume more cash than they generate. For example, in 2021, operational expenditures for the year were in excess of €40 million, whereas sources of funds from operations were significantly less than this at nearly €17 million. Moreover, our funds received from operations are not recurrent and may vary greatly from year to year. Potential increases in operating expenditures, whether unexpected expenses or the naturally increasing costs of clinical trials (as development products pass from small early stage trials to larger later stage trials), may increase the net cash burn. Increased net cash burn could cause our projected cash resources for a given period to be inadequate, and require non-dilutive or dilutive funding more rapidly than anticipated.

The Company's future capital requirements will depend on many factors, including the following:

- the continued development of research & development programs and the extension of such programs;
- the extent and results of preclinical studies and clinical trials;
- the time and expense required to obtain regulatory authorizations;
- the ability to enter into partnership agreements to continue developing certain products;
- the necessity for large-scale manufacturing and distribution;
- the deadline, collection and amounts of payments under its collaboration agreements;
- the deadline, collection and amounts of sales and royalties for future products;
- the cost of preparing, filing, defending, maintaining and enforcing patent claims and other intellectual property rights; and
- the cost of obtaining and maintaining licensing rights to use patented technologies.

2.2.3 Revenues from partnerships may not materialize

In the medium term, Transgene's strategy is to generate additional cash resources through the out-licensing of product candidates or other partnering structures. Out-licensing and other partnering structures are typically, although not always, remunerated by an up-front cash payment which can be applied to compensate net cash burn, followed by any milestone payments and royalties. There can be no guarantee that Transgene will succeed in partnering its products, or that the cash payments that Transgene is able to generate through its partnering activities will be sufficient to offset its cash burn over the medium term, whether because of the size or the timing of payments received.

2.2.4 License revenue is volatile

Over the longer term, even so-called "recurrent" sources of licensing revenues are subject to significant contingencies, such as development failures or lower than expected product sales. The fact that revenues in one year are sufficient to cover operational expenditures is not a guarantee that they will continue to be sufficient the following year. This is especially true if, as we expect will be Transgene's case for the foreseeable future, such revenues derive from a small number of products and do not benefit from the portfolio effect.

2.2.5 Partnership structures may not immediately increase liquidity

Even successful partnering may take a form which, while value enhancing for shareholders, does not reduce net cash burn or increase liquidity in the short- or even medium-term. For example, an initial upfront payment may be tied to an obligation to conduct a clinical trial the cost of which absorbs some or all of the cash received. Or as in the case of the buy-out of Transgene's interest in its former joint venture with Tasly BioPharmaceuticals in China, Transgene may receive assets which cannot be immediately converted into cash. Or the partnering structure may back load at the end of the period, with only small short-term payments.

2.2.6 Financing efforts may have an adverse effect on existing shareholders

If Transgene is unable to generate sufficient funds through partnering activities, alternative sources of funding, if available, may reduce the value of existing shareholdings. Sales of assets of a company in financial distress may not extract full value. Credit may be available only on financially burdensome terms, and creates the future risk of default. Raising funds through the issuance of new shares is dilutive to existing shareholders and could be complicated by poor capital market conditions. Historically, the financing of the Company was provided, for the most part, by its majority shareholder, due in particular to the shareholder's interest in maintaining its level of investment and control. This interest could be a brake, if the majority shareholder does not have the means to pursue a capital increase and thereby imposes a limit on its amount.

2.2.7 Uncertain value of equity securities in other companies

The 8.7 million shares Transgene owns in Tasly BioPharmaceuticals represent a significant potential source of future funding; but Transgene's ability to liquidate this asset depends on a Tasly BioPharmaceuticals listing or, in the absence of one, on Transgene's exercising an option on the holding company for Tasly Group. Tasly BioPharmaceuticals is currently pursuing an IPO on the STAR Market in Shanghai, China, after a first unsuccessful attempt at an IPO on the Hong Kong Stock Exchange in 2019-2020, followed by a failed listing on the STAR Market in 2021. The success and timing of this planned IPO are not certain at this point and are subject to current market conditions and the uncertainty inherent in all financial markets. If Tasly BioPharmaceuticals succeeds in being listed on the STAR Market or alternatively on another market, Chinese corporation law will block the sale by Transgene of its shares for the first 12 months after listing, during which time the value of this asset will be exposed to market volatility. In the event that Tasly BioPharmaceuticals does not submit a new application for listing on the STAR Market before September 30, 2022 for assessment by the market authorities, Transgene will benefit from a put option requiring a holding company for the Tasly Group to enter into (or have a third party enter into) a sale agreement for Transgene's stake in Tasly BioPharmaceuticals within three months at the initial subscription price plus a contractual annual rate. This option was granted by Tasly Holding Group to protect Transgene and other pre-listing investors against the risk of Tasly BioPharmaceuticals not being listed. In the

event that Tasly BioPharmaceuticals submits a new application for listing on the STAR Market before September 30, 2022, the option expires. The exercise of this option and the completion of the sale are subject to risks such as counterparty risk.

2.2.8 Exposure to loans and factoring

A significant portion of Transgene's current cash comes from conditional advances from Bpifrance (see Section 5.1.2, Note 9), and the factoring of annual research tax credits (see Section 5.1.2, Note 9). Transgene must reimburse these amounts either at their maturities or upon the occurrence of contractually defined events. Since 2020, Transgene's exposure to loans decreased significantly compared to the past with the early repayment of a €10 million loan from the European Investment Bank. In the event that Transgene does not have sufficient funding, the repayment would reduce Transgene's available funds for its future activities and potentially exhaust its financial resources.

2.2.9 The French tax regime could change unfavorably

Transgene benefits materially from two features of the French corporate tax regime: the research tax credit (RTC) and the ability to carry forward cumulated losses. Over the last three fiscal years, the Company has recorded €7,027 thousand (2021), €6,352 thousand (2020), and €6,619 thousand (2019) under the RTC. Given the importance of the RTC in the financing of the Company's activities, if the RTC were to be modified or eliminated by a change in French tax policy, this would impact the Company's financing capacities. Moreover, as with any tax benefit, the amounts received or claimed by the Company may be contested by the tax authorities, for example based on an assessment of eligibility of expenditure, sufficient supporting documents, or the calculation method.

Accumulated tax loss carry forwards stood at €755 million as of December 31, 2021. Applicable French law provides that tax loss carry forwards can be used to offset up to 50% of net income, with the first €1.0 million of net income capable of being entirely offset. Under current French tax law the unused balance of the tax losses in application of such rule can be carried forward to future fiscal years, under the same conditions and without time restriction. The ability to offset a substantial part of future taxable gains increases the value to shareholders of revenues that Transgene may generate in the future. Changes to French tax rules limiting or eliminating Transgene's ability to apply the carry forward would therefore negatively impact the value of anticipated future cash flows and therefore the value of our shares.

2.2.10 High foreign exchange risk

While Transgene's shares are quoted in euro and most of Transgene's expenditures and indebtedness is in euro, contracts in our industry (including our recent contract with AstraZeneca) frequently provide for payment of amounts defined in U.S. dollars, meaning that variations in the value of the dollar relative to the euro can cause a material change in our net cash burn for a given period or our ability to service debt. In addition, Transgene's 8.7 million shares in Tasly BioPharmaceuticals will be listed in Chinese yuan, which means that a change in the value of the yuan against the euro or a restriction on the convertibility of the yuan may have a negative impact on one of Transgene's most important assets and on future sources of liquidity.

2.3 RISKS IN RELATION TO THE PORTFOLIO

Because of the long development times of the portfolio of drug candidates generated by Transgene, decisions regarding the composition of that portfolio including the focus of exploratory research and regarding substantial expenditures on development must be made years before a partnering event or other opportunity to extract value from the candidate will occur. Multiple risks are related to our decisions regarding the composition of our drug candidate portfolio.

2.3.1 Poor market acceptance may limit the value of our products

The portfolio of immunotherapy products currently under development by the Company consist primarily of therapeutic vaccines and oncolytic viral vectors. These are novel medical technologies for which clinical data on safety and efficacy remain limited and for which direct pricing benchmarks are virtually non-existent. Moreover, notwithstanding demonstrations of safety and efficacy through clinical trials, patients and care providers may be slow to adopt treatments based on genetically modified viruses. The ability of the Company's partners to successfully market its products will depend in part on the setting by public authorities, private health insurers and other organizations in Europe and the United States of reimbursement rates sufficient for its medications as well as the volume of prescriptions filled by patients. Expectations regarding marketing will drive our ability to out-license our products at an acceptable price, and actual future market adoption will drive the amount of revenues ultimately generated for Transgene through royalty payments.

2.3.2 Our technological and competitive environment is rapidly evolving

One of the key criteria upon which Transgene selects the focus of its portfolio of drug candidates, both in terms of the entities under development and the indications being pursued, is the existence of an unmet medical need and our technological and competitive advantages in satisfying it. Because of the long development times of these drug candidates, in addition to the risks of clinical failure disclosed elsewhere (see Section 2.4), this requires us to make judgments about what developments are likely to be made in the future by other companies and their impact on medical need. Although the Company endeavors to increase its technological capacities to remain competitive, the research and development activities conducted by its competitors could make the Company's products obsolete or not competitive, or they could offer better treatments. Moreover, patients and healthcare providers could prefer other existing therapies or therapies recently developed by the Company's competitors. This risk could also have an impact on our ability to include patients in clinical studies and on the scientific or commercial usefulness of the protocols of the studies under way. If the medical need originally targeted by our drug candidate is met by a competitor, whether through a product similar to ours or through a different therapeutic approach, the ability of our drug candidate to be approved, reimbursed at a satisfactory price and widely prescribed is diminished and its value as an out-licensed product is reduced. Assessing the technological and competitive environment of our drug candidates is reiterated over their entire development. To the extent that such a change to the environment materializes but is not timely recognized by the Company, we may continue to make investment decisions based on erroneous estimations of future returns.

2.3.3 Combining therapies carry additional risks

The Company's candidate drugs are increasingly being administered in combination with other treatments such as chemotherapy or other immunotherapies. The choice of therapeutic classes and specific products that will be associated with our drug candidates is playing an increasing part in our development strategy, because the marketing authorization resulting from such studies will go to the specific combinations tested. The combination with another investigational product carries the risk that the side effects of the other product may be mistakenly attributed to a Transgene candidate or that the clinical trial will fail for reasons beyond the control of the Transgene candidate. Even obtaining a marketing authorization in combination with a marketed product exposes Transgene to the risk that its sales will be limited if the combined product is not as well accepted on the market as competing drugs.

2.3.4 Transgene may not identify emerging technologies or fail to successfully integrate them

Transgene's current portfolio has been selected and developed to take advantage of the Company's leading expertise in a number of fields such as viral genome engineering, translational immunology, biomanufacturing, and bioinformatics. Exploitation of Transgene's areas of expertise is largely dependent on a key enabling technologies that Transgene must carefully identify and master to maintain its competitive edge. Recent programs have been designed by taking advantage of emerging methods, such as machine learning and artificial intelligence for the *myvac*® platform, or "tumor on a chip" for its Invir.IO™ platform. Advanced immune phenotyping technologies have been largely used in our clinical trials, for the monitoring of patient responses and for a better understanding of the mode of action of our products. Thus, technology survey and assessment are essential activities within the Company, both for the choice of candidates in our portfolio and their successful design and development. Transgene must additionally determine in each case whether the technology is to be fully integrated through recruitments, licensing and/or acquisitions, or managed through service providers or co-development partners. A failure on the part of Transgene to successfully identify its technological needs and integrate adequate capacity may limit its medium- and long-term development capabilities.

2.4 RISKS RELATED TO CLINICAL DEVELOPMENT

There are numerous uncertainties until the clinical development is completed.

2.4.1 One or more of our clinical trials could fail; the marketing of our products may not be approved for marketing

The Company's products may only be marketed pursuant to a valid approval for market launch (AML) for launch obtained through the conduct of successful clinical trials. In order to obtain an AML, the Company, or its licensee, must demonstrate to the competent regulatory authorities, in particular the EMA and the FDA, the pharmaceutical quality of the products, their safety and their effectiveness for the targeted indications. Each agency has its own AML requirements, and approval in one geographical zone does not necessarily guarantee it will be obtained for other geographical zones. In particular, without FDA approval, it would be impossible for the Company to access the US market, which is the largest pharmaceutical market in the world in value.

Each stage of the clinical trials carries a significant risk of failure, which could prevent further development of the drug candidate. The latter may be poorly tolerated, not effective enough or may have no therapeutic benefit. For example, in December 2019, the Company announced that it had stopped developing TG4010 because the main assessment criterion of a Phase II study in combination with nivolumab and chemotherapy had not been met. *In vivo* preclinical trials do not necessarily predict the results that will be obtained in humans. Likewise, positive results in early clinical phases obtained on a small number of patients may not be borne out in later phases on more patients. Drug candidates in an early stage of development, such as those from Transgene, face a higher degree of uncertainty than more mature candidates and make it difficult to assess our activities and prospects, which could increase the risk of an investment in Transgene.

2.4.2 Opportunities may be lost due to long and costly regulatory process.

If the clinical trial process cannot be managed to obtain results quickly and in a cost-effective way, Transgene may miss approval, partnering or marketing opportunities to faster competitors or be unable to complete the clinical trials resulting in higher costs and lower probability of success. Multiple factors contribute to this risk:

- clinical protocols, which describe the objectives of the study and the parameters to be used to measure safety and efficacy, must be approved by the regulatory authorities in the country in which the clinical studies are being conducted. The majority of countries have also put in place special committees that study the protocols using recombinant DNA product, like those of the Company, before authorizing them for use (the *Haut Conseil des biotechnologies* in France, the National Institutes of Health's Recombinant DNA advisory committee in the United States and the Gene Therapy advisory committee in the United Kingdom);
- further, each clinical study must be approved by each study center's independent Ethics Committee. In particular, the Ethics Committee will assess the need for the study, the safety of the people involved in the trial and the potential liability of the medical center. The Ethics Committee is also responsible for monitoring the application of the protocols approved for the clinical trials in progress. The Ethics Committee could demand modifications to a protocol and there is no guarantee that it will authorize a study to commence or continue. This procedure can be conducted at the same time as the approval procedure by the Agencies, however, it could cause delays and considerable extra costs in addition to those relating to the regulatory examination procedure;
- the inclusion of patients for inclusion in the trials may be faster or slower, or indeed fail. Clinical trials with the Company's products in development are conducted in people with the target diseases. The number of patients who can and want to participate in a clinical trial is limited and inclusion can be a difficult and slow process, due to the competition for those specific patients with other approved or investigational therapies intended for the same population;
- to avoid interrupting a trial because of an inability to recruit the necessary number of patients within an acceptable time frame, the Company may need to increase the number of clinical centers, which adds to the cost of the trial;
- access to appropriate clinical sites may be difficult, preventing the initiation or conduct of the trial within a reasonable time frame;
- the cost per patient of clinical trials is particularly high, especially in immunotherapy and personalized medicine, which makes the later clinical testing (Phase III) particularly costly in indications that require a large number of patients to prove a therapeutic benefit, such as anogenital cancers targeted by TG4001. Many of the Company's investigational drugs are being tested in combination with other therapies, creating an additional cost for the trial sponsor. These costs could exceed the Company's available cash resources and the Company would then need to seek financing, for example through partnerships with the pharmaceutical industry. There is no guarantee that the Company will be able to enter into such partnerships or that such alternative financing can be arranged.

2.4.3 Difficulties in determining the parameters necessary for the success of our drug candidates

The success of a product generally depends on the identification of the regimen and route of administration, selection of patients, other products with which it is combined, or other factors extrinsic to our drug candidate. In this case, clinical trials of a drug candidate, even if they are positive, may not reach the statistical thresholds required to provide clinical proof of concept for further development and to obtain marketing authorization. If these parameters are not successfully defined, a product which, in a better-targeted context, could have obtained regulatory authorization and commercial success, can therefore be excluded.

To select patients that are most likely to benefit from a treatment, it has become almost indispensable to find biomarkers (particular biological characteristics) in them. It allows principally to predict or demonstrate their response to treatment. It cannot be guaranteed that the Company will succeed in identifying the relevant biomarkers for its products, even where a responsive sub-population of patients exist. Where biomarkers have been successfully identified, they must be incorporated into diagnostic tests, called companion diagnostics, which will then accompany the treatment so that it can be administered to those most likely to benefit. Validation of companion diagnostic tests is an entirely separate clinical development process that happens concurrently with the clinical trials for a treatment and adds a level of complexity and additional costs which may limit market adoption of our product even if obtains AML.

2.4.4 We may be involved in trial protocols that turn out to no longer be feasible or relevant for authorization, reimbursement or partnership opportunities

The rapid changes in medical research and treatments available that have been seen in oncology, and immunotherapy in particular, present a major risk that a clinical trial protocol which once appeared well adapted to providing clinical proof of concept, obtaining marketing approval, negotiating satisfactory reimbursement and attracting partnering opportunities has become outdated. Once a clinical trial is initiated, changing its parameters is difficult and as a practical matter often impossible. If the standard treatments change during a clinical study, the level of results hoped for when the study was originally designed may turn out to be inadequate as compared to the therapeutic options that might have become available during the study. Changes in standards of care may also mean that the patient populations and the inclusion criteria are no longer relevant, which can make it unfeasible to include patients in the clinical trial. In 2018, for instance, the sponsor of an independent clinical study dealing with TG4010 chose to stop its study largely for these reasons. Clinical results from other competing products may also cause the competent regulatory authorities to modify their evaluation criteria. As a result, the protocol may not provide for the collection of data, which are now required by health authorities. Finally, the choice of biomarkers or combination products made on best information at the inception of the trial may tie its results to technologies that are no longer favored several years later.

2.4.5 The complex regulatory environment of clinical trials may impose significant costs

In recent years, laws related to the pharmaceutical industry's interactions with healthcare professionals (typically referred to as "sunshine" and "transparency" acts) and handling of sensitive patient data (most notably the European Data Protection regulation and national implementing rules such as those of the French CNIL) have become increasingly stringent. Failure to comply with these rules could expose the Company to reputational damage, penalties and legal costs.

2.4.6 Product liability claims could harm our business

Since Transgene tests its drug candidates on humans, the risk of being sued for product liability is inherent in its activities. Side effects or manufacturing defects in products developed and administered in clinical trials could lead to deterioration of the patient's condition, injury or even death. For example, the Company's liability could be called into question by patients participating in clinical trials in the context of the development of tested candidates and unexpected side effects resulting from their administration. Patients, regulatory bodies, biopharmaceutical companies and any other third party using or marketing the Transgene's products, could bring criminal or civil proceedings against it. Such allegations, even if they are unfounded, may make it impossible to continue developing the drug candidate and may damage the Company's reputation. These lawsuits could divert management from implementing its business strategy and could be costly to defend. In addition, if the Company is held liable in any of these possible lawsuits, it may incur significant penalties and suffer other damage to its reputation.

2.4.7 Uncertainties created by Brexit

Our clinical trials in the United Kingdom are subject to the U.K. Medicines and Healthcare Products Regulatory Agency, or MHRA. Following the departure of the United Kingdom from the European Union at the end of 2020, there is considerable uncertainty about the rules applicable to the United Kingdom in a number of areas. We are currently conducting clinical trials with TG6002 and TG4050 in the United Kingdom and cannot be certain that these trials will not be affected. From January 1, 2021, our research activities in the United Kingdom are no longer eligible for the research tax credit (RTC).

2.4.8 Impact of the Covid-19 pandemic

The Covid-19 pandemic, which has lasted since March 2020, has had and continues to have an impact on Transgene's activities. As of the date of this document, this has mainly impacted clinical studies that have either been, or are still being, delayed due to the slowdown in patient inclusion or the length of time taken by the regulatory authorities to authorize the launch or the amendment of clinical studies. For example, a clinical study conducted in the United Kingdom (for TG6002) was the most impacted due to the temporary closure of the clinical center, preventing the recruitment of patients. The launch of the clinical study with BT-001 was impacted by an extended delay of several months for the review of the French authorization request by the ANSM.

If containment and global spread were to continue, the impact of the disease and the containment measures adopted by governments and the civil society could cause dysfunction in the supply and shipping chain on which the Company depends, lack of visibility in the scientific community due to the cancelation of international conferences, disorganization of the clinical sites participating in its clinical studies, delay or inability to produce its drug candidates, or even temporary closure of our establishments. As of today, the Company cannot be assured that it would be possible to implement its clinical study program under the conditions and within the time frame initially planned, if one or more of these risks should materialize. The occurrence of these risks would also have a downward impact on the Company's anticipated level of expenses, as well as on expected revenues from collaborations. This financial impact is difficult to quantify precisely at the date of this document.

2.5 INDUSTRIAL BUSINESS RISKS

The viruses on which Transgene's immunotherapies are based require highly specialized manufacturing, which expose an investment in the Company's shares to a number of specific risks.

2.5.1 Transgene's ability to produce clinical batches and to fulfill its contractual obligations towards AstraZeneca depends on the performance of its internal production tool

The timelines and size of the batches (and therefore the cost) produced by Transgene's current manufacturing subcontractors are not compatible with the rapid turn-around times required to produce the small patient-specific batches of TG4050, for which we target a delivery of the patient specific drug so that they can be administered in the time required by the trial protocols. To overcome these production issues, the Company has acquired the means to produce internally and to GMP standards small batches of poxvirus-based products for purposes of research and small-scale clinical studies. This production line can also manufacture small batches of our Invir.IO™ products. The contract with AstraZeneca intends to benefit from the competitive advantage provided by this faster, less costly production method for initial testing of the option products. Two production lines have been installed, tested and approved by the ANSM, and Transgene is studying an additional capacity increase for this tool. If production capacity fails to keep pace with the growth of demand by Transgene and its customers, Transgene's clinical trials and relationships with partners could be negatively impacted. If this new production equipment does not maintain its approval by the ANSM or if it proves to be less reliable than expected by the Company, the Company risks finding some of its activities disrupted and delayed, with consequences on the costs and even the feasibility of some of its projects.

2.5.2 Dependence on subcontractors

The Company has also subcontracted the manufacturing of certain batches required for its clinical studies. The manufacturing unit of the sub-contractor, ABL Europe, does not have sufficient capacity to guarantee the commercial-scale production of these products beyond the initial launch phase. The Company secured its ability to subcontract commercial-scale manufacturing of some of its products by entering into a partnership with Sanofi Genzyme. The Company would need to make substantial additional investment to have its products manufactured on a commercial scale by other third parties or to manufacture the products internally again on a large scale, and the technology transfer and production validation process could be expected to entail a lead time of well over a year before production for use in patients could commence. In the event of such a transfer, the regulatory authorities may also require new clinical studies due to the specificities linked to bioproduction. Therefore, while neither contract is exclusive, the Company's ability to voluntarily switch sub-contractors within a reasonable time frame is limited, meaning that the Company is dependent on the availability of product slots and the pricing practices of its sub-contractors. The Company may not be able to negotiate competitive production costs or delivery times for its products, which would have a material adverse effect on its business, earnings, financial position and development. Should the production capacity of existing sub-contractors no longer be available to Transgene, for example due to a business interruption or a loss of regulatory approvals, transferring production to a back-up site would entail significant delays and costs.

2.5.3 Dependence on critical suppliers for the procurement of raw materials and consumables

The Company uses raw materials from different suppliers in its manufacturing processes of its drug candidates; some of the suppliers are the sole source of the material in question. The Company certifies its suppliers pursuant to pharmaceutical best manufacturing practices. If one of the sole-source suppliers should default, the Company must find and certify another source. However, identifying and certifying such a supplier could take several months and their products could not be used in the Company's processes until certification is complete. Moreover, the current volumes ordered by the Company do not allow it to negotiate agreements guaranteeing a supply of certain key raw materials from qualified critical suppliers. The Company therefore cannot ensure that it could be supplied by certain critical suppliers, that it could secure a second supplier or that it could do so in a timely manner.

2.5.4 Environmental risks related to the manufacture and use of our products

The Company's manufacturing, research and development activities, preclinical studies and clinical trials require the controlled storage, use and disposal of hazardous materials, both chemical and biological. The Company is subject to laws and regulations relating to the use, manufacture, storage, handling and disposal of materials and waste. Even though it believes that its safety procedures for the handling and disposal of these hazardous materials comply with legal and regulatory standards, the risk of contamination or accidental injury caused by these hazardous materials cannot be completely ruled out. In the event of an accident, it could be held liable for all consequent harm, and its liability could exceed the limits of its insurance policies or not be covered. It might be unable to maintain its insurance coverage on acceptable terms or possibly at all. It might have to bear significant expenditures in order to comply with present or future provisions of environmental law. As of the date of this Universal Registration Document, the Company has made no specific provision for industrial and environmental risks.

2.6 RISKS RELATED TO INTELLECTUAL PROPERTY

The Company's business model (see Section 1.2.1.1) consists of selling licenses of drug candidates and technologies to third parties. The Company relies on its ability to grant rights under its intellectual property which do not conflict with the intellectual property rights of third parties. The Company is exposed to multiple risks related to intellectual property.

2.6.1 The Company may fail to patent its products

Transgene's ability to partner out a product or technology, and the value obtained by Transgene, will depend largely on its ability to obtain patents covering its products and processes allowing it to benefit from the exclusive use of inventions for the period prior to patent expiration. Transgene has filed and plans to continue to file numerous patent applications for various aspects of its operations (such as viral vectors and methods for preparing and administering them, genes and gene combinations, monoclonal antibodies, biomarkers, etc.) in the United States, Europe and selected other countries. However, we may not be able to obtain, maintain or enforce our patents and other intellectual property rights which could affect our ability to compete effectively. For example, we cannot guarantee:

- that we will be able to develop new patentable drug candidates or technologies or obtain patents to protect such new candidates or technologies;
- that we will file all necessary or desirable patent applications or that we will obtain the patents that we have applied for and that are under review;
- that we or our licensing or collaboration partners were the first to make the product candidates or technologies covered by the issued patents or pending patent applications that we license or own;
- that we will be able to obtain sufficient rights to all necessary or desirable patents or other intellectual property rights, whether at all or on reasonable terms;
- that the scope of any issued patents that we own or license will be broad enough to protect our product candidates or effectively prevent others from commercializing competitive technologies and product candidates; and
- that there is no risk of our owned and licensed patents being challenged, invalidated or circumvented by a third party.

2.6.2 The Company may not have the freedom to operate

The conduct of the Company's business or administration of its products may fall under the intellectual property rights of others. The existence of such third-party rights could obligate the Company or its partners to:

- cease to sell or use any of its products that depend on the disputed intellectual property, which could reduce its revenues; or
- seek to limit or even invalidate one or more claims of such a patent by judicial or administrative means; or
- obtain a license from the holder of the intellectual property rights that could not be obtained under reasonable conditions, if at all.

Its business would be affected if it or its partners were unable to invalidate these rights or obtain a license, or if it could only obtain a license under conditions deemed unacceptable. The same would hold if it were unable to redesign the products or processes so as to avoid being sued for infringement.

The Company seeks to take into account third-party rights when making its product portfolio and clinical development decisions. The identification of such intellectual property rights and the evaluation of whether the Company's activities in fact fall within their scope is subject to interpretation, and frequently litigated. For example, a family of patents from the company Replimune claims product characteristics that would include the BT-001 drug candidate. Opposition proceedings against the granting of titles are underway in the United States and Europe to challenge the validity of these patents on the grounds, in particular, of insufficient description and lack of inventive step. Transgene believes that the broad claims of this family are ill-founded in law, and is confident in a positive outcome for BT-001. Notwithstanding this confidence, there can be no guarantee regarding the success of these procedures, and even in the event of success, pending the decision of the competent bodies, the freedom to operate risk that weighs on BT-001 could make the candidate-drug less attractive to potential partners.

The monitoring implemented by the Company to prevent freedom to operate risk may be insufficient due to (i) delays in publishing patent applications (18 months after the filing or priority date), (ii) failure to publish certain patent applications in the United States, (iii) the changing scope of patent claims between the application and the granted patent, and (iv) uncertainty as to whether the patent will ultimately be allowed in any form or if post-patent opposition procedures brought by the Company limit or invalidate some of the patent's claims.

Even when the Company makes its own patent application, it cannot be sure that certain third parties have not been the first to invent products or to file patent applications relating to inventions also covered by their own patent applications or those of their partners.

2.6.3 Intellectual property rights other than patents may be difficult to enforce

Transgene believes that several elements of its program involve technology, processes, know-how, data, including culturing and production processes, as well as purification technology, which cannot be patented. Because it is generally impossible to establish an exclusive right-of-use over most non-patented intellectual property, the Company may also not be able to determine the correct value of these resources from its partners. With regard to technologies, know-how and data that are not patentable or are only potentially patentable, and to processes, other than production processes, for which patents would be difficult to enforce, Transgene has chosen to protect its interests by relying on non-disclosure agreements with its employees, consultants and certain contractors. All of its employment contracts include confidentiality clauses. These confidentiality clauses do not provide sufficient protection and may be terminated. In that event, the Company believes that there is no satisfactory remedy possible. Its product design and manufacturing secrets could be revealed and used independently by its competitors.

2.6.4 Intellectual property disputes are risky and costly

Transgene's success will also depend upon its ability to prevent other parties from using its intellectual property and its ability to defend itself against claims that Transgene products infringe third party rights. Such disputes involve complex legal and factual questions and are frequently resolved in litigation, which could generate in substantial financial costs and result in decisions unfavorable to Transgene's interests. Competitors with greater resources could better withstand the costs of a complex proceeding. Any litigation of this type could seriously affect the Company's ability to continue its business.

3

CORPORATE GOVERNANCE

3.1 ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 Composition of the administrative and management bodies

ROLE OF THE EXECUTIVE COMMITTEE

General management is the responsibility of a team of managers, each with specific roles, around the Chairman and Chief Executive Officer, who meet within the Executive Committee.

Its mission is the operational and strategic management of the Company.

The Executive Committee meets every two weeks.

Its membership reflects the Company's main skills.

COMPOSITION

8 MEMBRES

25% WOMEN

4 years AVERAGE SENIORITY WITHIN THE EXECUTIVE COMMITTEE

6 years AVERAGE SENIORITY WITHIN TRANSGENE

52 years AVERAGE AGE

1. **Hedi Ben Brahim**
   Chairman and
   Chief Executive Officer
2. **Éric Quéméneur**
   Executive Vice-President
   Chief Scientific Officer (CSO)
3. **Christophe Ancel**
   Director of Pharmaceutical Operations and Responsible Pharmacist Deputy
   Chief Executive Officer
   Directeur général délégué
4. **Maud Brandely**
   Chief Medical Officer (CMO)
5. **Jean-Philippe Del**
   Chief Financial Officer (CFO)
6. **Steven Bloom**
   Chief Business Operator (CBO)
7. **John Felitti**
   General Counsel
   Corporate Secretary
8. **Gaëlle Stadtler**
   Human Resources Director

3.1.1.1 Composition of the Executive Committee

The following table gives the names of those on the Transgene Executive Committee, their current positions in the Company and the date they assumed those duties.

Name	Age	Current position	Committee member since
Hedi Ben Brahim	41	Chairman and Chief Executive Officer	2021
Christophe Ancel	58	Director of Pharmaceutical Operations and Chief Pharmacist – Deputy CEO	2014
Steven Bloom	61	Chief Business Officer (CBO)	2022
Maud Brandely	68	Director of Medical Affairs (CMO)	2016
Jean-Philippe Del	42	Chief Financial Officer (CFO)	2014
John Felitti	52	Corporate Secretary – General Counsel	2016
Éric Quéméneur	58	Executive Vice-President – Scientific Director (CSO)	2014
Gaëlle Stadtler	39	Human Resources Director	2021

Hedi Ben Brahim joined Transgene on January 1, 2021, as Chairman and Chief Executive Officer. He has also been Operational Director of the Immunotherapy division at Institut Mérieux since September 2018, a position he retains. He is also Chairman of the Board of Directors of ABL Inc., a contract research and development and bioproduction company (CRO/CMO). Before joining Institut Mérieux, Hedi Ben Brahim managed a subsidiary of Vallourec. He began his career in the French public sector at the Ministry of the Economy, Action and Public Accounts, then at the Ministry of Social Affairs and Health. He is a graduate of École Polytechnique and École Nationale Supérieure des Mines de Paris.

Christophe Ancel joined Transgene in 2008 as Head of Quality Assurance, and then as Director of Operational Quality. He is Responsible Pharmacist and in this respect, he is Deputy CEO since 2014. Previously he worked as a quality consultant to a variety of international pharmaceutical laboratories. From 2001 to 2005 he was Quality Manager, Deputy Pharmacist and acting Responsible Pharmacist at the French production plant of E. Lilly. In 2001 he was Quality Manager and acting Responsible Pharmacist at a Cardinal Health plant. From 1992 to 2000, he worked at Alcon Laboratories in the quality area and was Deputy Pharmacist at their production site. His various professional experiences have led him to work in an international setting of sterile product manufacturing and marketing. Christophe Ancel has a PhD in pharmacology.

Steven Bloom joined Transgene in February 2022 as Director of Business Development. Previously, he held senior management positions in large multinational and biotechnology companies, and during the course of his duties concluded major transactions in the field of oncology. Before joining Transgene, he also held the following positions: Senior Vice-President at Boston Pharmaceuticals; Sales Director at Vavotar Life Sciences (formerly known as NantiBodyFc), Verastem Oncology and Ziopharm Oncology. Earlier in his career, Steve spent 18 years at Eli Lilly, where he held key positions in sales, marketing and corporate affairs at several locations in the United States. Steve holds a Bachelor of Science degree in Pharmacy from Northeastern University in Boston.

Maud Brandely joined Transgene in 2016 as Director of Medical Affairs (CMO). She was the Director of the Clinical Oncology Development at Pierre Fabre until February 2016. She was responsible for all Phase I to Phase III clinical trials. She played a role in the registration of oral Navelbine products for the treatment of both breast and lung cancer and for vinflunine in bladder cancer. Prior to Pierre Fabre, she was Director of Taxotere Clinical Development at Rhône Poulenc (RPR, now Sanofi), where she was responsible for setting up clinical studies with the aim of registration in the United States and Europe. As such, she divided her time between Collegeville and Paris to oversee her US and European teams. Prior to RPR, she worked for Hoechst-Roussel-Uclaf (now Sanofi) and was involved in the development of cytokines (IL-2, IFN) and cytotoxins. She is an MD and has a PhD in immunology.

Jean-Philippe Del became Transgene's Chief Financial Officer and a member of the Executive Committee in 2014. Before that, he had been Director of Administration and Finance. He joined the Company in 2005 and oversaw the management control system, accounting and purchasing. Before joining Transgene, he was a financial auditor at Mazars and began his career in 2001 as a financial controller at Brasseries Kronenbourg. Jean-Philippe Del holds a DESCF degree and is a finance and accounting graduate of Université de Strasbourg.

John Felitti joined Transgene in 2016 as General Counsel and Corporate Secretary. Prior to his appointment, he was Associate Vice-President, Corporate law, Finance and Securities law at Sanofi and previously held other positions in the Sanofi and Aventis legal departments. From 1996 to 2003, he was an associate attorney at the Paris offices of the US law firm Shearman & Sterling. He is admitted to practice in New York and is a former member of the Paris Bar. After majoring in economics at Harvard University (AB 1991) and the College of Europe (MA 1993), John Felitti studied law at the University of Michigan (JD 1996) and the University of Paris II – Panthéon (LLM 1997). He also holds a business degree from INSEAD (GEMBA 2015).

Éric Quéméneur joined Transgene in 2014 as Executive Vice-President, in charge of Research and Development. Before joining Transgene, he served as Director of Programs and Reclamation in the Life Sciences Department of the CEA, after a 20 year career in that organization. His responsibilities included managing the Research and Development programs and transferring them into applications, leading multi-disciplinary teams and developing national and international alliances. He is a biochemical engineer, INSA Lyon (1986), with a PhD in science, a D.U. degree in Industrial Pharmaceuticals from Université Claude Bernard Lyon 1 and a Certificate in Research Management from Université Pierre et Marie Curie – Paris VI. He is the author of some 80 publications in international scientific journals.

Gaëlle Stadtler was appointed Head of Human Resources and made a member of the Executive Committee on January 4, 2021. She joined Transgene in 2018 as Human Resources and Internal Communication Manager. Between 2011 and 2017, she held the positions of Head of Human Resources at Sensient Flavors and Human Resources Generalist at L&L Products. Gaëlle Stadtler began her career within the Mars Inc. as a Talent and Training Coordinator. She holds a Master's degree in Management from Skema Business School Lille and a Master's degree in HR from EM Strasbourg.

3.1.1.2 Composition of the Board of Directors

Transgene is governed by a Board of Directors composed of ten members as of the date of this Registration Document, six of whom qualify as independent directors. The directors' term of office is three years.

Alain Mérieux, who was a Director of the Company until May 22, 2019, is now Honorary Chairman of the Board of Directors.

The tables below summarize the mandates and roles of the members of the Board of Directors. The Board assessed the status of independent director in accordance with the criteria of the MiddleNext Corporate Governance Code. The directors' terms expire on the date of the Ordinary General Meeting held in the year indicated to approve the financial statements for the year ended on December 31 preceding the meeting.

HEDI BEN BRAHIM

Chairman and Chief Executive Officer – Director
Member of the Strategy Committee
Age: **41**
First appointment: **2019**
Term expires: **2022**
Number of Company shares held: **450**
Number of Company stock options held: **0**

Principal role outside of the Company:

Operational Director of the Immunotherapy Division at Institut Mérieux (1)

Management experience and expertise:

Graduate of Polytechnique

Graduate of the École Nationale Supérieure des Mines de Paris

Vice-President of Commercial Operations then Chief Executive Officer of Vallourec Drilling Products – Europe Africa

General Manager Production – VAM U.S. – Vallourec Group

Vice President Corporate Planning – Vallourec Group

Head of the Health Products Office at the Social Security Directorate of the Ministry of Labor, Social Relations, the Family, Solidarity and the City

Other offices held:

Chairman of the Board of ABL Inc. (1)

Director: Geneuro (2)

Offices expired during the last five years:

Chairman of the Supervisory Board of Fab' Entech

(1) Institut Mérieux group company.

(2) Listed company.

PHILIPPE ARCHINARD

Director

Member of the Strategy Committee and Member of the Clinical Development Committee

Age: **62**

First appointment: **2004**

Term expires: **2023**

Number of Company shares held: **564,661**

Number of Company options held: **0**

Principal role outside of the Company:

Deputy CEO of Institut Mérieux – Technological Innovation and Scientific Partnerships [(1)]

Chairman of the Technological Research Institute BIOASTER [(2)]

Management experience and expertise:

Graduated from the Management Program at Harvard Business School

Chairman of bioMérieuxInc. (United States) [(1)]

Executive Vice-President of bioMérieux SA [(1)(3)]

Chief Executive Officer of Innogenetics BV

Other offices held:

Chief Executive Officer: TSGH [(1)], Permanent representative of TSGH on the Board of ABL, Inc. [(1)]

Director: bioMérieux SA [(1)(3)]; ERYtech Pharma [(3)]; NH TherAguix

Offices expired during the last five years:

Chairman and Chief Executive Officer of Transgene (end: 2020);
Representative of the FPUL on the Board of Directors of CPE Lyon (end: 2020);
Chairman of the Lyonbiopôle competitiveness cluster (end: 2017);
Representative of Lyonbiopôle on the Board of Directors of the Synergie Lyon Cancer Foundation (end: 2017)

JEAN-LUC BÉLINGARD

Director

Chairman of the Strategy Committee

Age: **73**

First appointment: **2013**

Term expires: **2022**

Number of Company shares held: **0**

Number of Company options held: **0**

Principal role outside of the Company:

Vice-President Institut Mérieux [(1)]

Management experience and expertise:

HEC Paris and MBA Cornell University (United States)

Chairman and Chief Executive Officer of IPSEN (2001-2010)

Chairman and Chief Executive Officer of bioMérieux (2011-2017)

Other offices held:

Director of bioMérieux SA [(1)(3)]; LabCorp of America (U.S.) [(3)]; Lupine (India) [(3)]; PierreFabreSA

Offices expired during the last five years:

Chairman of the Supervisory Board: Biolog ID SAS (2021)

Chairman of BioMérieux (end: 2017)

ANTOINE BÉRET

Independent director

Member of the Audit and Compensation Committees and Member of the Clinical Development Committee

Age: **77**

First appointment: **2016**

Term expires: **2022**

Number of Company shares held: **1,000**

Number of Company stock options held: **0**

Principal role outside of the Company:

independent director

Management experience and expertise:

Co-founder of several biotechs (Trophos, Immunotech...)

Business Director at Crédit National, responsible for corporate finance of industrial sector companies

Other offices held:

None

Offices expired during the last five years:

Chief Executive Officer of Genoscience Pharma SAS (end: 2020);
Chairman of Axenis (end: 2020)

(1) Institut Mérieux group company.

(2) Association, foundation or other.

(3) Listed company.

JEAN-PIERRE BIZZARI

Independent director
Member of the Clinical Development Committee
Age: **67**
First appointment: **2008**
Term expires: **2022**
Number of Company shares held: **5,000**
Number of Company stock options held: **0**

Principal role outside of the Company:

independent director

Management experience and expertise:

Doctor of medicine

30 years clinical experience in oncology (held clinical development management positions)

Other offices held:

Halozyme Therapeutics (1), Oxford BioTherapeutics (1), Nordic Nanovectors ASA (1),
IDDI – International Drug Development Institute (2)

Member of the international scientific committee of the National Cancer Institute (1) and of Netris Pharma

Chairman: Fondation Synergie Lyon Cancer (2)

Offices expired during the last five years:

Director: ONXEO (end: 2021); ITEOS Therapeutics (end: 2017)

BENOÎT HABERT

Independent director
Chairman of the Compensation Committee and Member of the Audit Committee
Age: **57**
First appointment: **2000**
Term expires: **2023**
Number of Company shares held: **74,403**
Number of Company stock options held: **0**

Principal role outside of the Company:

Chief Executive Officer: Habert Dassault Finance (SAS)*

Deputy CEO and permanent representative of Groupe Industriel Marcel Dassault (GIMD) (SAS)

Management experience and expertise:

Holds an MBA from INSEAD and a master's degree in business law from Panthéon-Assas Paris II University

Other offices held:

Directorships within GIMD including the Figaro Group*, Dassault Médias*, and Figaro classifieds*; CCM Benchmark

Other directorships: Mérieux NutriSciences (2) (as permanent representative of GIMD); Colombus Family Holding; Dargaud (SA); Éditions Dupuis (Belgium); Éclosion (Switzerland); ITEN (SA); SITC (SAS) KTO TV (Association) and Fondation KTO

Member of the Governance Board of Odyssey intl (SAS) - HDF

Member of the Supervisory Board of the companies: Marco Vasco (SAS); Les Maisons du Voyage; Futurae (SAS) - HDF; Medoucine (SAS) HDF

Offices expired during the last five years:

As permanent representative of GIMD: bioMérieux SA; Silliker; Sport 24 (SA), Intigold

Chairman of Dassault Développement (SAS) (2020)

* *Controlled by GIMD.*

(1) Association, foundation or other.

(2) Institut Mérieux group company

MARIE-YVONNE LANDEL

Independent director
Chairwoman of the Audit Committee
Age: **69**
First appointment: **2017**
Term expires: **2023**
Number of Company shares held: **0**
Number of Company stock options held: **0**

Principal role outside of the Company:

independent director

Management experience and expertise:

Chartered accountant; holds an MBA from the European Business School (Paris, Frankfurt and London)

Consultant supporting the installation of French and European biotechnology companies in the United States; Founder and Chief Executive Officer of Axelia Partners (formerly Marie Landel & Associates)

Other offices held:

Director: Genethon

Offices expired during the last five years:

Director: Member of the of the consultative strategic committee of Coretec Industry Group (end: 2021); Safe Orthopedics (end: 2019); Cellnovo Group SA (end: 2019); TxCell (end: 2018)

MAYA SAÏD

Independent director
Member of the Compensation Committee,
Member of the Strategy Committee and
Member of the Clinical Development Committee
Age: **45**
First appointment: **2017**
Term expires: **2023**
Number of Company shares held: **0**
Number of Company stock options held: **0**

Principal role outside of the Company:

Founder and Chief Executive Officer: Outcomes4me Inc. (U.S.)

Management experience and expertise:

Senior Vice-President Global Head of Oncology Policy and Market Access at Novartis, and
Vice-President, R&D Global, Strategy, External Scientific and Innovation Policy at Sanofi

Certificate in finance and health systems organization from Harvard Business School

Other offices held:

Chief Executive Officer: Outcomes4me Inc. (U.S.)

Director: Pieris Pharmaceuticals (U.S.) (1)

Offices expired during the last five years:

None

TSGH

Director
Member of the Audit Committee and
Member of the Compensation Committee
17, rue Bourgelat 69002 Lyon
First appointment: **2002**
Term expires: **2023**
Number of Company shares held: **50,323,665**
Number of Company stock options held: **0**

Principal role outside of the Company:

None

(1) Listed company.

REPRESENTED BY: SANDRINE FLORY

Permanent representative of TSGH
Age: **52**
Number of Company shares held: **0**
Number of Company stock options held: **0**

Principal role outside of the Company:

Chief Financial Officer of Institut Mérieux [(1)] (since 2020)

Management experience and expertise:

Chief Financial Officer EMEA of BioMérieux (2014-2020) preceded by several management control positions

PWC 1993-2002 in financial audit

Certified Chartered Accountant in Accounting and Finance

Other offices held:

None

Offices expired during the last five years:

None

LAURENCE ZITVOGEL

Independent director
Member of the Clinical Development Committee
Age: **58**
First appointment: **2013**
Term expires: **2022**
Number of Company shares held: **469**
Number of Company stock options held: **0**

Principal role outside of the Company:

Professor at the University of Paris Sud in Immunology and Biology and Oncologist-researcher-immunotherapist at the Institut Gustave Roussy

Director of Research at INSERM (U1015)

Co-director of IGR/Curie/INSERM Clinical Investigations Center

Management experience and expertise:

Doctor of medicine

Director of Research and INSERM Unit (jointly approved by the Ligue contre le cancer) and
Co-director of the IGR/Curie/INSERM Biotherapy Clinical Investigations Center

Other offices held:

Member of the Scientific Advisory Board of Lytix Biopharma, Epivax and NeoVax

Cofounder of EverImmune

Based on current legislation, there are no directors elected by the employees within the Board of Directors. Moreover, as the capital share held by the employees is less than 3%, there are no directors representing employee shareholders within the Board of Directors.

However, two employees represent the Social and Economic Committee and participate in the meetings of the Board of Directors, without voting rights.

(1) Institut Mérieux group company.

3.1.2 Operation of administrative and management bodies and conflicts of interest

3.1.2.1 Functioning of the Board of Directors

The Board of Directors meets at least four times per year. At least one executive session (a meeting without the attendance of the Chairman and Chief Executive Officer or another member of the Executive Committee) per year is proposed to directors. The Board's functioning is governed by internal rules that are regularly updated and published on the Company's website. The Board's work is prepared by four special committees responsible for assisting the Board in its discussions and decisions (see paragraph 3.1.3, next section).

3.1.2.2 Service contracts between the issuer and the members of the Board of Directors

There are no service contracts linking any member of the Board of Directors to the Company or to any of its subsidiaries and providing benefits. One corporate officer, the Deputy CEO, Christophe Ancel, has both an employment contract and a corporate mandate.

3.1.2.3 Conflicts of interest in administrative and management bodies

To the best of the Company's knowledge, there is no arrangement or agreement entered into with the major shareholders or with customers, suppliers or others, such as a shareholder agreement or engagement letter, under which any member of the Board of Directors or the Chairman and Chief Executive Officer or the Deputy CEO has been selected.

As of the date of this Registration Document, and to the Company's best knowledge, there is no current or potential conflict between the private interests of the members of the Board of Directors or of the Company's management and the interests of the Company. The agreements involving certain directors are subject to the related-party agreement procedure and are presented in paragraph 3.2.3.

The main point of vigilance regarding potential conflicts of interest within the Board results from certain directors' connections with the Company's main shareholders. Institut Mérieux holds 99.5% of the capital and voting rights of TSGH SAS, which itself owns, as of the date of this Registration Document, 61.9% of the capital and 71.7% of the voting rights of the Company. Mr. Hedi Ben Brahim, the Chairman and Chief Executive Officer holds other offices within the Insititut Mérieux. Philippe Archinard and Mr. Jean-Luc Bellingard, directors of the Company, are also directors of bioMérieux SA. Mr. Philippe Archinard is the permanent representative of TSGH on the Board of ABL, Inc. and Mr. Hedi Ben Brahim is Chairman of the Board of the same company.

In order to protect against conflicts of interest or the appearance of a conflict of interest, the Company has set up a Board comprising a majority of independent directors and has set up diligent monitoring of related-party agreements in order to ensure that decision-making is separate from all private interests. The Company also proposes a separation of duties in order to entrust the Chairmanship of the Board to an independent director following the General Meeting of 2022.

During the capital increase in 2021, the Company managed the potential conflict of interest related to the subscription of a significant share of the transaction by TSGH by organizing a meeting of independent directors that did not take part in the transaction, to validate the principle of the transaction and examine its terms and conditions, in particular its price, which was set with a discount comparable to the average of recent transactions.

3.1.2.4 Declaration concerning the administrative and management bodies

To the Company's knowledge as of the date of this Registration Document, there is no family connection between the members of the Board of Directors and the Company's senior management.

Moreover, to the Company's knowledge as of the date of this Registration Document, no member of the Board of Directors has been:

- convicted of fraud within the past five years;
- subject to a bankruptcy, receivership or liquidation as a director or corporate officer within the past five years;
- indicted and/or officially and publicly sanctioned by statutory or regulatory authorities within the last five years.

Finally, to the Company's knowledge as of the date of this Registration Document, no members of the Board of Directors have been disqualified by a court from acting as a member of an administrative, management or Supervisory Board of an issuer or from acting in the management or conduct of the affairs of any issuer within at least the past five years.

3.1.3 Specialist committees

The Audit Committee, composed of Ms. Landel (Chairman of the Committee), Mr. Habert and Mr. Béret, independent directors, and TSGH (represented by Ms. Sandrine Flory), and whose working methods are described in Section 3.2.2, examined the following points during the fiscal year 2021:

- review of the consolidated and corporate financial statements for fiscal year 2020;
- review of the consolidated financial statements of the first half of 2021;
- review of the 2022 budget;
- determination of the Statutory Auditors' fees;
- initial review of the Statutory Auditors' services other than statutory audits (in 2021, with the exception of a few consultations initially authorized by the Audit Committee (see Note 29 of the financial statements), the Company did not assign any tasks to the Statutory Auditors other than the certifications stipulated in the French Commercial Code);
- verification of H3C inspections and their conclusions;
- determination of the method for selecting the Statutory Auditors and recommendation concerning the candidates proposed by the Management;
- initial review of the financial press releases;
- review of the parts of the Corporate Governance report and the 2020 Universal Registration Document containing the accounting or financial developments and the draft resolutions to be presented to shareholders in relation to the financial statements or financing;
- definition of the cash management and performance monitoring policy;
- review of financial risks and hedging policy;
- review of the Company's financing strategy and preparation for the capital increase;
- draft related-party agreements, and adoption of the regulated and current agreement charter;
- review of the Company's risk mapping as well as its personal data protection and business ethics systems;
- self-evaluation of committee effectiveness and review of the committee charter.

The Compensation Committee, consisting of Mr. Béret, Mr. Habert (Chairman of the committee) and Ms. Saïd, all independent directors, as well as TSGH, and whose working methods are described in Section 3.2.2, examined, in 2021, among other subjects, the compensation of the Board of Directors, executive management and the Executive Committee during 2021 and 2020; reviewed the Company's overall compensation policy, including annual bonuses, advised on the collective objectives and their weighting as well as the design and implementation of an annual and exceptional employee share grant program. The Compensation Committee also reviewed the equity and gender equality indices for FY 2016-2020, the parts of the Corporate Governance report and the 2020 Universal Registration Document containing the compensation developments and the draft resolutions to be presented to shareholders in relation to compensation at the AGM of May 26, 2021. The Compensation Committee discussed a succession plan for Company managers in the event of unplanned or early departure and approved the addition of provisions into the Board's internal rules to ensure continuity of the Company's operations in the event of an unplanned or precipitated departure.

The Strategy Committee, comprising Mr. Archinard, Mr. Bélingard (Chairman of the committee), Mr. Ben Brahim and Ms. Saïd, independent director, was consulted from time to time in 2021. The Committee's work notably concerned external growth opportunities, partnership opportunities and strategic reviews.

The Clinical Development Committee, composed of the independent directors Mr. Béret and Mr. Bizzari, Ms. Saïd and Ms. Zitvogel and Mr. Archinard met four times throughout the year to prepare the main regular meetings of the Board of Directors to support the decision making on research and development investments, in line with the strategy defined by the Board. In 2021, this Committee formulated opinions for the Board on the review of the protocol for part 2 of Phase II of study TG4001.12 (TG4001 + avelumab) and advised the Board on studies under preparation.

The Corporate Social Responsibility (CSR) Committee was established by the Board of Directors at its meeting of December 15, 2021. The CSR Committee is responsible for advising the Board on issues relating to the Company's social and environmental responsibility and for making recommendations to the Board of Directors in this area. Since March 16, 2022, the CSR Committee has had a charter approved by the Board of Directors and published on the Company's website. The composition of the committee will be determined by the Board of Directors following the 2022 Combined General Meeting. Due to the date of its establishment, this committee did not meet in 2021.

3.2 REPORT ON CORPORATE GOVERNANCE – GOVERNANCE

This paragraph restates in its entirety the report required by Article L. 225-37 of the French Commercial Code, relating to the manner in which the Company's Board of Directors prepares and organizes its work in accordance with Articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code.

This report was adopted by the Board of Directors at its meeting of March 16, 2022. In accordance with Article L. 225-235 of the French Commercial Code, the Board of Directors' report on Corporate Governance was submitted in full to the Statutory Auditors.

3.2.1 Governance principles adopted by the Company

The Company refers to the Corporate Governance recommendations contained in the MiddleNext Code of Corporate Governance for mid- and small-cap companies of September 2021 ("MiddleNext Code"). The MiddleNext Code can be consulted on the MiddleNext website or on that of the Company. The Board regularly reviews the points of vigilance in the MiddleNext Code, including as part of its self-assessment of Board functioning, and prepares an annual report on its compliance with the 22 recommendations of the MiddleNext Code.

MiddleNext Code recommendations	Adoption
"Supervisory" power	
R1: Board members' ethics	Yes
R2: Conflicts of interest	Yes
R3: Composition of the Board of Directors – Presence of independent members	Yes
R4: Information for Board members	Yes
R5: Training for Board members	Yes; see comment
R6: Organization of Board and Committee meetings	Yes
R7: Implementation of committees	Yes
R8: Establishment of a specialist committee on Corporate Social/Societal and Environmental Responsibility (CSR)	Yes; see comment
R9: Implementation of internal Board rules	Yes
R10: Choice of each "Board member"	Yes
R11: Duration of terms for Board members	Yes
R12: Compensation of a "member of the Board" in respect of his or her office	Yes
R13: Implementation of an assessment of the Board's work	Yes
R14: "Shareholder" relations	Yes
Executive power	
R15: Diversity and equity policy within the company	Yes
R16: Definition and transparency of compensation for executive corporate officers	Yes
R17: Preparation of Management succession	Yes
R18: Concurrent holding of an employment contract and corporate office	Yes; see comment
R19: Departure benefits	Yes; see comment
R20: Additional pension plan	Yes
R21: Stock options and free share grants	Yes, partially
R22: Review of points of vigilance	Yes

Based on the report, the Board considers that Transgene's Corporate Governance complies with the 22 recommendations of the MiddleNext Code, with the exception of the partial discrepancy for one item in recommendation R21.

With regard to recommendations R5 and R8, at the meeting of December 15, 2021, the Board updated its Internal regulations to implement a policy for training directors and to establish a CSR Committee in accordance with the new provisions of the MiddleNext Code published in September 2021. The concrete implementation of these new recommendations begins in 2022.

With regard to the recommendation R21 of the MiddleNext Code (stock options and free share grants), the Company regularly grants free shares to all of its employees, without excessively focusing on executive managers. In accordance with recommendation R21 to make all or part of the grants for the benefit of executive managers subject to conditions, half of each grant to executive managers is subject to performance conditions reflecting the medium to long term interest of the Company. However, for certain grants, the assessment period is one year, which leads the Board to consider that the "significant time period" recommended by recommendation R21 is only partially applied. In the context of Transgene, the Board considers that this one-year assessment period is appropriate for the conditions concerned, which are aimed at the actions required to be carried out in the coming year to achieve the Company's long-term objectives. The Company has not granted stock options since 2012.

The Board considers that the concurrent holding of the position of Deputy CEO and an employment contract is consistent with the letter and spirit of the MiddleNext Code's recommendations. For transparency with the Company's shareholders, this analysis is presented in more detail below for the two recommendations covering the implementation of this concurrent holding of offices.

With regard to recommendation R18 of the MiddleNext Code (concurrent holding of an employment contract and corporate office), an employment contract remains in force for the Deputy CEO. Before his appointment as Deputy CEO, Christophe Ancel was an employee of Transgene. His employment contract has remained in force since his appointment due to the continuation of his previous salaried activity. The Board is of the opinion that maintaining this employment contract is justified in this case given that the Responsible Pharmacist's corporate office is a regulatory requirement. It should be noted that recommendation R18 does not specifically target the corporate office of a Deputy CEO, and even for corporate offices targeted by this recommendation, concurrent holding is managed but not prohibited. There is no employment contract between Transgene and its Chairman and Chief Executive Officer or between Transgene and the other corporate officers targeted by the recommendation.

With regard to recommendation R19 of the MiddleNext Code (departure benefits), the Deputy CEO does not receive any departure benefits other than those provided by the collective bargaining agreement that governs his employment contract. These benefits are granted only in the event of the termination of the employment contract under the conditions provided by the collective bargaining agreement and are not paid for the expiry of the corporate office. The amount and conditions of these benefits are in accordance with recommendation R19 (See paragraph 3.3.1). The Company has not granted departure benefits in the event of the termination of his functions to the Chairman and Chief Executive Officer.

3.2.2 Composition, conditions related to the preparation and organization of the tasks of the Board of Directors

Composition of the Board of Directors

The Company is governed by a Board of Directors currently consisting of ten members, of whom nine are individuals and the tenth is the majority shareholder, TSGH. Four women sit on the Board: Ms. Sandrine Flory, as permanent representative of TSGH and Ms. Marie-Yvonne Landel, Ms. Maya Saïd and Ms. Laurence Zitvogel, independent directors.

The term of the directors' mandates is three years. The table below indicates the number of shares or options providing future rights to shares (stock options) held by each individual director:

Director	Number of shares held	Number of options
Philippe Archinard	564,661*	None
Jean-Luc Bélingard	-	None
Hedi Ben Brahim	450	None
Antoine Béret (I)	1,000	None
Jean-Pierre Bizzari (I)	5,000	None
Benoit Habert (I)	74,403	None
Marie-Yvonne Landel (I)	-	None
Maya Saïd (I)	-	None
Sandrine Flory (TSGH representative)	-	None
Laurence Zitvogel (I)	469	None

* *Excluding the shares held by TSGH. TSGH is a 99.5%-owned subsidiary of Institut Mérieux, which is itself 99.8%-owned by Compagnie Mérieux Alliance, controlled by the family of Mr. Alain Mérieux. Mr. Philippe Archinard holds 0.5% of the share capital of TSGH.*

(I) Independent director.

In its current composition, the Board of Directors has six independent directors as defined by recommendation R3 of the MiddleNext Corporate Governance Code. According to the MiddleNext Code, five criteria are used to determine the independence of Board members, characterized by the absence of any significant financial, contractual or family relationship likely to affect their independence of judgment:

- must not be a salaried employee or corporate officer of the Company or of a company in its group, and must not have held such a position within the last five years;
- must not be a significant customer, supplier, competitor, provider, creditor or banker of the Company or its group or have had a significant business relationship with them within the last two years;
- must not be a reference shareholder of the Company or hold significant percentage of the voting rights;
- must not be close to or have a close family relationship with a corporate officer or reference shareholder;
- must not have been an auditor of the Company in the course of the previous six years.

It should be noted that neither the MiddleNext Code nor the Board's rules of procedure include seniority as a director as a criterion for independence or lack of independence. Moreover, MiddleNext Code does not define the percentage that would constitute a "significant percentage of voting rights" for the independence analysis, and the Board's rules of procedure set this percentage at 10% in line with the AFEP-MEDEF Code and stock market practices. By applying this threshold to the Company's current shareholder structure, the directors related to the Institut Mérieux group cannot be considered to be independent whilst this criterion is not a determining factor for directors such as Mr. Habert who are related to other shareholders.

The full list of directors, the dates of their first appointment and the expiry of their terms of office, is provided in Section 3.1.1.2 of the Company's registration document.

No member of the Board of Directors was elected by the employees. Two employees, one of whom represents managers, represent the Works Council and participate in the Board of Directors' meetings. Representatives of the Social and Economic Committee participate in the deliberations of the Board in an advisory capacity.

In addition to the Statutory Auditors, who participate in most Board meetings, the representatives of the Works Council are also in attendance at the meetings, as is the Chief Financial Officer, the Executive Vice-President and the Corporate Secretary, who acts as secretary to the Board. The Directors of the Board with scientific and medical backgrounds will from time to time hold *ad hoc* scientific or medical meetings with the Company's scientists and its medical, clinical and regulatory staff to discuss issues related to the products under development.

Operation of the Board of Directors

The Board of Directors met five times in 2021, with an average attendance rate by the directors of 100% [(1)]. At each of these meetings, the Board was informed in detail of the Company's situation in terms of the development of its business, the progress of its research projects, clinical programs and its financial position. In addition to performing its legal duties to approve the annual and interim financial statements and to arrange and convene General Shareholders' Meetings, the Board discussed the Company's strategic issues. The Board regularly speaks with the special committees and deliberates on recommendations they make.

The duties of the Chairmanship of the Board and the senior management of the Company are performed by the same individual. The Company proposes a separation of duties in order to entrust the Chairmanship of the Board to an independent director following the Combined General Meeting of 2022. Mr. Hedi Ben Brahim would remain Chief Executive Officer and director. The separation of duties would strengthen the control of independent directors and mobilize complementary skills at the top of the Company.

In accordance with recommendation R9 of the MiddleNext Code, the Board of Directors has adopted internal rules (available on the Company's website: www.transgene.fr).

The Company also complies with recommendation R13 of the MiddleNext Code dealing with the yearly assessment by Board members of the Board's operations and preparation of its work. In accordance with recommendation R22 of the MiddleNext Code, the Board of Directors reviewed the points of vigilance according to the MiddleNext Code.

Committees

The Board of Directors is assisted by four committees:

- **the Audit Committee**, consisting of four directors, three of whom are independent. It is chaired by an independent director and the Chairman and Chief Executive Officer is not a member. The Chief Financial Officer is invited to each meeting to present the Company's financial data and answer questions from the committee. The Statutory Auditors attend all committee meetings. The committee is responsible for preparing the work of the Board of Directors on financial and accounting issues and advising it, in particular, regarding financial statements, their audit and internal control and their compliance with accounting standards. It monitors the independence of the Statutory Auditors and, more generally, ensures that the choices, renewal methods and fees for the Statutory Auditors are monitored, along with the completion of their mission. It approves the internal audit and monitors its progress. Furthermore, the Audit Committee monitors the cash investment policy and the terms and conditions for certain investments. As a result of the reinforcement of its risk monitoring tasks, at least once a year, it carries out a review of all of the main risks to which Transgene may be exposed. The four committee members have financial accounting expertise by training or experience. In addition, Benoît Habert, Marie-Yvonne Landel and Sandrine Flory are deemed to be financial experts within the meaning of Article L. 823-19 of the French Commercial Code. The Audit Committee members acquired relevant expertise during their academic training and professional experience, as can be seen in their biographies.

  Transgene does not entrust any assignments other than statutory audits to its Statutory Auditors with the exception of a few consultations previously approved by the Audit Committee (see Note 29 to the corporate financial statements); the Audit Committee has received the assurance from the Finance Department that the latter has submitted all requests for services other than the certification of financial statements to it.

  The Audit Committee met four times in fiscal year 2021. The work of the Audit Committee is governed by a charter that is reviewed and adapted as necessary to changes in Corporate Governance best practices. In 2021, the committee regularly reported on its work and recommendations to the Board of Directors after each of its meetings.

- **the Compensation Committee**, consisting of four directors, three of whom are independent. The committee reviews the proposed compensation (salary and bonus, proposed stock options) for the Company's senior managers and key people. It also reviews the overall compensation policy implemented by the Company with respect to share-based compensation plans for employees and in respect of the structure and amounts of compensations of all kinds allocated to the corporate officers. It also assesses and determines the achievement of the Company's collective goals and their weight in the amount of the annual bonuses granted to employees. The committee submits recommendations for approval on these items to the Board. It meets and deliberates, by telephone conference if necessary, and met three times in 2021.

- **the Strategy Committee**, consisting of four directors, one of whom is independent. The Strategy Committee meets from time to time to discuss issues assigned by the Chairman and Chief Executive Officer.

- **the Clinical Development Committee**, consisting of five directors, four of whom are independent. Set up in September 2019, the Clinical Development Committee meets four times per year, before each recurring Board session, to mobilize specialist expertise in order to prepare the debates and formulate recommendations on the clinical development issues submitted to the Board.

(1) This calculation takes into account the decision of Ms. Flory and Mr. Habert to recuse themselves at the meeting of June 14, 2021 concerning the refinancing of the Company with the participation of TSGH and Sitam Belgium.

- **the Corporate Social Responsibility Committee** (CSR), established, by a decision of December 15, 2021, in accordance with recommendation R8 of the MiddleNext Code, is responsible for advising the Board on issues relating to the Company's social and environmental responsibility, and for making recommendations to the Board of Directors in this area. The composition of the CSR Committee will be determined by the Board following the Combined General Meeting of 2022.

Director	Audit Committee	Compensation Committee	Clinical Development Committee*	Strategic Committee	CSR Committee
Hedi Ben Brahim	--	--	--	Member	--
Philippe Archinard	--	--	Member	Member	--
Jean-Luc Bélingard	--	--	--	**Chairman**	--
Antoine Béret (independent)	Member	Member	--	--	--
Jean-Pierre Bizzari (independent)	--	--	Member	--	--
Benoît Habert (independent)	Member	**Chairman**	--	--	--
Marie Landel (independent)	**Chairwoman**	--	--	--	--
Maya Saïd (independent)	--	Member	Member	Member	--
TSGH	Member	Member	--	--	--
Laurence Zitvogel (independent)	--	--	Member	--	--

* *The Chair of the Development Committee rotates among the members.*

3.2.3 Related-party agreements

1. Description of the procedure to identify related-party agreements

In accordance with Articles L. 225-37-4 and L. 22-10-12 of the French Commercial Code, on September 18, 2019, the Board of Directors approved an internal Charter, amended on December 15, 2021, on the identification procedure for regulated and current agreements (the "Charter"). It is stipulated that this Charter formalizes the identification procedure for related-party agreements that applies prior to the signature of an agreement that may be qualified as a related-party agreement, and also to any amendments, renewals or cancellations of agreements, including for agreements considered to be "free" (or "current and signed under normal conditions") at the time of their signature. Pursuant to the Charter, in addition to the declaration by the direct and/or indirect parties provided by the law, the Board entrusts the Company's legal department with ensuring that agreement projects that may be qualified as related-party agreements or free agreements are identified. The Board entrusts disinterested members of the Audit Committee with analyzing the related-party agreement projects submitted to the Board for prior approval and to formulate recommendations. Only disinterested members, both directly and indirectly, to the related-party agreements submitted for prior approval take part in the Board's discussions and vote. The Board also entrusts the Audit Committee with reviewing the agreements qualified as current and signed under normal conditions and the criteria used for their qualification at least once a year. The Charter on related party agreements and commitments can be found on the Company's website.

2. Agreements and commitments authorized and signed during the past fiscal year

In 2021, the Company neither authorized nor entered into any new related-party agreements.

3. Agreements and commitments authorized and signed in prior fiscal years, whose implementation continued during the past fiscal year

The following agreements and commitments previously approved by the General Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code continued during 2021:

- mobility agreement for the benefit of the employees of the signatory companies and settling between them issues relating in particular to seniority and the management of a possible termination of the employment contract concluded between Institut Mérieux, bioMérieux SA, Mérieux NutriSciences Corporation, Transgene, ABL Inc., Mérieux Développement, SGH SAS and Théra Conseil (entities controlled by Institut Mérieux). This agreement enables Transgene to offer development prospects to its employees beyond its own scope, and to establish fair rules for internal mobility in advance;
- sublease agreement with ABL Europe entered into on February 1, 2016, for part of the quality control laboratory located at the Company's registered office. This agreement enabled Transgene to sell part of its business under attractive conditions;
- employee reclassification agreement entitled Social Agreement signed on September 10, 2015. This agreement enabled Transgene to transfer its industrial activities to ABL;
- agreement on the commercial conditions for services applicable between Transgene and ABL Europe signed on May 23, 2019. This agreement replaces the Exclusive Services Agreement signed in February 2016, and inter alia frees Transgene from its obligation of exclusivity; and
- service agreement between Transgene and Institut Mérieux, as amended in 2020. This agreement allows Transgene to benefit from central services where purchasing them externally would be more expensive or even impractical due to the small scale of the Company; and

Further details on the related-party agreements can be found in the Statutory Auditors' special report in Chapter 6 under the heading 6.7.

3.2.4 Compensation

Compensation of Executive Corporate Officers

The position of the executive corporate officers is subject to specific regulations which are presented below in Sections 3.3.1 (compensation policy applicable in 2022) and 3.3.2 and 3.3.3 (compensation for 2021). The Chairman and Chief Executive Officer does not have an employment contract with the Company. He is compensated by the Company for his position as a corporate officer. The Chairman and Chief Executive Officer receives compensation from Institut Mérieux for his duties within this company.

The Responsible Pharmacist, appointed Deputy CEO in application of the provisions of the Public Health Code holds an employment contract as Director of Quality Assurance. The Board is of the opinion that maintaining this employment contract is justified in this case given that the Responsible Pharmacist's corporate office is a regulatory requirement. The Responsible Pharmacist receives a salary under his employment contract. Any changes are based entirely on the achievement of individual and collective objectives.

The salary and bonuses paid to the members of the Executive Committee, including those of the Deputy CEO, are determined based on a proposal from the Chairman and Chief Executive Officer and submitted for review to the Compensation Committee which also approves proposals for deferred remuneration in the form of share or subscription option allocations. The Company has not granted departure benefits in the event of the termination of his functions to the Chairman and Chief Executive Officer. The Deputy CEO does not receive benefits in the event of the termination of his corporate office. However, under his employment contract, the national pharmaceutical industry collective bargaining agreement provides for an indemnity calculated based on seniority and without performance conditions in certain cases.

Compensation Allocated to Directors (formerly Directors' Attendance Fees)

Only independent directors receive compensation. These consist of a yearly fixed fee of €4,000 to which is added an amount related to the director's actual attendance at Board meetings of €3,000 per meeting, in accordance with recommendation R12 of the MiddleNext Code. Additional compensation of independent members of the special committees is €2,000 per committee meeting. These variable amounts are doubled for the physical participation of independent directors residing outside Europe. No other form of compensation, including deferred compensation, such as warrants or stock options, was paid by the Company to non-executive corporate officers. The maximum amount that may be allocated to all directors (excluding the Chairman or Chief Executive Officer) in a calendar year is capped at €250,000 following a decision by the General Shareholders' Meeting in 2017. A draft resolution submitted to the General Meeting in May 2022 will increase this amount to €300,000 euros per year if it is adopted.

The gross amount of directors' fees paid over the last two years to directors in office as of December 31, 2021, is shown in Section 3.3.2 of the Company's Registration Document. As the scale has not changed since March 2017, the differences are attributable to the number of meetings of the Board and its committees as well as each director's attendance.

3.2.5 Additional information

Limits on the powers of the Chief Executive Officer

No special limits have been set on the powers of the Chief Executive Officer, with the exception of the following points that require the CEO to refer the following matters to the Board:

- the strategic plan of the Company and its subsidiaries;
- the annual budget and, on a quarterly basis, its implementation and, if necessary, significant revision.

Participation by shareholders in the General Meeting

The Company has not established any special rules as to shareholder participation in General Meetings; its articles of association in this regard refer to the provisions of law in the French Commercial Code. In 2021, due to the health crisis, the Annual General Meeting was held behind closed doors as permitted by the regulations in force. In accordance with the recommendations of the French Financial Markets Authority *(Autorité des Marchés Financiers)*, the meeting was teletransmitted.

Information relating to the capital structure and elements that may influence a public offering

This information is presented and discussed in the Board's management report and in Chapter 6 of the Company's Universal Registration Document.

Climate change

The Company has not identified any material financial risks related to climate change. The Company's main industrial activities were outsourced in February 2016. The low-carbon strategy for the remaining aspects of its business is focused on reducing energy consumption at its Illkirch and Lyon sites.

3.3 REPORT ON CORPORATE GOVERNANCE – SAY ON PAY

3.3.1 Compensation for 2022 – Compensation policy – Principles and criteria for determining the compensation of corporate officers

Pursuant to Ruling no. 2019-1234 of November 27, 2019, on the compensation of corporate officers of listed companies and decree no. 2019-1235 of November 27, 2019, transposing Directive (EU) 2017/828 of May 17, 2017, amending Directive 2007/36/EC for the purpose of promoting the long-term commitment of shareholders, this Section 3.3.1 constitutes a report to shareholders, presenting the policy on the principles and criteria for setting, distributing and allocating the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind of Transgene's corporate officers. It was prepared by the Board of Directors of March 16, 2022, upon proposal by the Compensation Committee. This policy will be submitted to the General Meeting of May 25, 2022, for all corporate officers.

This report contains the information specified in Article L. 22-10-8 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of the compensation of corporate officers, and is attached to the report mentioned in Articles L. 225-100 and L. 225-102 that presents the income statement and business of Transgene.

3.3.1.1. Compensation policy

Persons concerned by the compensation policy

This report concerns the corporate officers of the Company, *i.e.* (i) the Chairman and Chief Executive Officer, (ii) the Deputy CEO and (iii) the directors.

Information on corporate offices

The current term of office of the Chairman and Chief Executive Officer is a renewable 3-year period, corresponding to his term as director. The terms of the current directors' mandates are also all three years. The Company's articles of association provide that the term of a director's mandate, and by extension, the Chairman and Chief Executive Officer's mandate, may be set at between one and four years at the time of appointment, with three years being the default term. As Mr. Hedi Ben Brahim was appointed Chairman and Chief Executive Officer during an existing term of office, his first term of office as Chairman and Chief Executive Officer is shorter than three years and ends in 2022 at the end of his term as director. A proposal is submitted to the General Meeting of May 25, 2022 to renew his term of office as director for a period of three years. In addition, the Company proposes a separation of duties in order to entrust the Chairmanship of the Board to an independent director following the Combined General Meeting of 2022. Mr. Hedi Ben Brahim would resign as Chief Executive Officer and Director. The Deputy CEO's corporate office and his employment contract are for an indefinite period. All corporate mandates can be terminated *ad nutum* by the Company's shareholders, and by the Board of Directors in the case of the Deputy CEO. Christophe Ancel's employment contract may be terminated by the Chairman and Chief Executive Officer under the conditions of the pharmaceutical industry collective bargaining agreement, which provides for three months' notice.

General information on the compensation policy

This report contains the specific information required by Article L. 22-10-8 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of corporate officers' compensation.

The implementation of the compensation policy for corporate officers (Chairman and Chief Executive Officer, Deputy CEO and Directors) for 2022 described below is subject to the adoption of a resolution concerning the overall compensation policy at the General Meeting.

Method

To establish the compensation policy for corporate officers, the Compensation Committee analyzes the compensation in its totality taking all of the components into account. On the recommendation of this committee, based on the general principles described below, the Board of Directors approved the compensation policy for its executive corporate officers, while ensuring for the Chairman and Chief Executive Officer and the Deputy CEO that the rules to determine this compensation are coherent with the annual assessment of the individual performance which it compares to Transgene's performance.

Periodic reviews are made on the same basis, depending on feedback and the observation of practices in other comparable companies. These reviews also take into account the change in compensation conditions for Transgene's employees, and notably, although not a determining factor, the increases granted as part of the mandatory annual negotiations. The Compensation Committee consults the Strategic Review Committee on the Company's annual and medium-long-term objectives, before recommending performance conditions for the variable compensation and for the allocation of free shares to executive corporate officers to the Board of Directors. These performance conditions are based partly on collective targets and partly on individual targets. Once approved by the Board and by the General Shareholders' Meeting, the implementation of the policy is monitored by the Compensation Committee, which reports at least annually to the Board and formulates recommendations on the decisions that the Board makes.

After the assessment period applicable to a performance condition, the Compensation Committee assesses the level of achievement and formulates a recommendation to the Board. The Compensation Committee or the Board may consult the Chairman and Chief Executive Officer during the formulation and the periodic review of the compensation policy, but, to avoid conflicts of interest, the latter does not take part in decisions concerning him. The Deputy CEO does not take part in the sessions of the Compensation Committee or the Board of Directors. To assess Transgene's policy compared to practices in other companies, the committee may use market studies or external experts. The Compensation Committee also plays a central role in the compensation allocated to directors, by recommending allocation rules to the Board, monitoring their implementation and by recommending, if required, that the Board propose a revised budget to the General Shareholders' Meeting.

General principles

The Chairman and Chief Executive Officer does not hold an employment contract. Hedi Ben Brahim has never been an employee of Transgene or its subsidiaries. The Chairman and Chief Executive Officer receives compensation from Institut Mérieux for his duties at Institut Mérieux, it being specified that this compensation does not fall within the scope of Transgene's compensation policy and is not subject to Transgene shareholders.

Before his appointment as Deputy CEO, Christophe Ancel was an employee of Transgene. His employment contract has remained in force since his appointment. The Board considers that the maintaining of this employment contract is justified in this particular case, given that the Responsible Pharmacist's corporate office is a regulatory obligation in France for a pharmaceutical establishment.

For the Chairman and Chief Executive Officer, the Board of Directors approved the following general principles that form the basis for determining his compensation and benefits:

- incentive to pursue the Company's core interests;
- compliance with the MiddleNext Code recommendations;
- no termination of function indemnity;
- no non-compete indemnity in the event of departure;
- no supplementary defined benefit pension plan;
- no compensation allocated for the term of office of director;
- taking into account the level and difficulty of the responsibilities of the executive corporate officer;
- taking into account his experience and seniority in the Company and the Institut Mérieux group;
- taking into account the practices in companies exercising comparable activities;
- a motivating and balanced compensation structure broken down as follows:
  - fixed compensation,
  - annual variable compensation based on collective and individual, financial and non-financial objectives,
  - taking into account possible allocations of options or free shares by Transgene,
  - taking into account social benefits,
  - no deferred annual variable compensation,
  - no multi-year variable compensation,
  - benefits in kind (company housing),
  - no additional compensation paid by a Transgene subsidiary.

For the Deputy CEO, an executive corporate officer due to his regulatory status as Responsible Pharmacist of Transgene, the Board of Directors decided to follow the same compensation and benefits structure as that applied to Transgene's Executive Committee. The result is:

- incentive to pursue the Company's core interests;
- compliance with the MiddleNext Code recommendations;
- no compensation for the termination of the corporate office, but maintained rights related to the employment contract (including an indemnity based on the length of service with no performance condition);
- no non-compete indemnity in the event of departure;
- no additional supplementary pension plan;
- taking into account his experience and seniority in the Company and the Institut Mérieux group;
- taking into account the practices in companies exercising comparable activities;
- a motivating and balanced compensation structure broken down as follows:
  - fixed compensation,
  - annual variable compensation based on collective and individual, financial and non-financial objectives,

- taking into account possible allocations of options or free shares by Transgene,
- taking into account social benefits,
- benefit in kind (company car),
- no deferred annual variable compensation,
- no multi-year variable compensation,
- no additional compensation paid by a Transgene subsidiary.

The Board is of the opinion that the procedures for setting the compensation of these two corporate officers comply with the principles defined in recommendations R16 and R21 of the MiddleNext Corporate Governance Code. The proportion of free shares awarded to the two corporate officers in 2021 compared to the full award is 32.9%, a level that the Board does not consider to be an excessive concentration. The Board decided to subject a portion only of the free shares granted to the corporate officers to performance conditions.

An analysis by the Compensation Committee, followed by the Board, concluded that application of the rules to all of the free Company shares granted was not appropriate given that their evolution, in the absence of recurring revenue generated by business activity remains subject to a high technological risk whose hazards are already taken into account in the vesting period and the holding period of the shares, the volatility of their value, and in the presence condition. The multi-year vesting and lock-up periods after the award is a medium-term horizon and, in itself, sufficient to provide an incentive for long-term collective performance, and is reinforced for the Chairman and Chief Executive Officer, who has an obligation to retain 10% of the grant until the end of his duties. The performance assessment period varies according to the award from one to three years.

For the directors, the Board of Directors approved the following general principles on which directors' compensation is based:

- compliance with the MiddleNext Code recommendations;
- no overruns of the annual collective budget authorized in the General Meeting;
- no compensation allocated to non-independent directors;
- allocation primarily based on attendance;
- supplement for directors traveling from other continents; and
- possibility of special missions as provided for by law.

The Board of Directors considers that the general principles enable the alignment of the compensation policy with the Company's fundamental interests.

Fundamental interest	Chairman and Chief Executive Officer	Deputy CEO	Directors
Respect for corporate interests	Sufficient to attract/retain a qualified candidate Not excessive; performance conditions	Sufficient to attract/retain a qualified candidate Not excessive; performance conditions	Sufficient to attract/retain a qualified candidate Not excessive; no compensation required for non-independents
Contribution to Transgene's strategy	Variable compensation conditional on achievement of results and free share grants partly subject to achievement of results and for which the value, in any case, depends on Transgene's performance	Variable compensation conditional on achievement of results and free share grants partly subject to achievement of results and for which the value, in any case, depends on Transgene's performance	Helps attract relevant skills and coordinate specialist committees
Contribution to Transgene's long-term success	Sufficient to attract/retain a qualified candidate	Sufficient to attract/retain a qualified candidate	Sufficient to attract/retain a qualified candidate

Substantial amendments compared to the previous policy

Since the last *ex-ante* compensation policy submitted to shareholders during the General Meeting of May 26, 2021, the substantial amendments are:

- an increase in the compensation allocated to the Board of Directors from €250,000 per year to €300,000 per year;
- an increase in the Chairman and Chief Executive Officer's fixed compensation from €222,000 to €240,000 per year;
- the definition of the policy applicable in the event of separation of the functions of the Chairman and Chief Executive Officer during the year.

The Board listens to the opinions expressed by shareholders on the issue of compensation. During the 2020 and 2021 General Meetings, no questions concerning compensation were submitted before or during the discussions. The resolutions concerning compensation were all adopted by a large majority of shareholders, including shareholders not related to the reference shareholder.

In the event of a change in individuals

Once approved by the shareholders, the policy is expected to be applied to the Company's current corporate officers, including in the event that the term of office of these individuals is renewed during the fiscal year. In the event of a change in individuals or the addition of new mandates during the year, the following rules shall be applied:

- New directors: The scale described in this policy shall be applied to the new director(s) without amendments and within the limits of the total annual budget authorized by shareholders.
- New Chairman and Chief Executive Officer: the current conditions shall be the maximum applied except in the event of the adoption of a new *ex-ante* policy by the shareholders. However, the allocation of share-based compensation and a golden hello in cash may be granted to compensate for the individual's abandonment of elements of compensation and benefits attached to his/her previous position to join Transgene. The cumulative value of such share-based compensation and such a golden hello allocated in this case, in addition to the other conditions imposed by law, shall be limited to the equivalent of one year's compensation. In the event of internal recruitment, the combination of an employment contract and corporate office may be authorized by the Board of Directors if the value ceilings are complied with.
- In the event of separation of the duties of the Chairman and the Chief Executive Officer, the current conditions of the Chairman and Chief Executive Officer would be valid for the position of the separate Chief Executive Officer. The compensation of the dissociated Chairman would be composed of an annual fixed amount not exceeding €100,000 and a share-based compensation, at least half of which would be subject to performance conditions and the quantity of which would not exceed the number of shares or options allocated to a member of the Executive Committee for the same period. In the year in which the separate function of the Chairman was recruited, the Board is authorized to grant him a golden hello equivalent to an annual award of free shares subject to a two-year presence condition. At least 10% (or 100% in the case of golden hello) shares of the vested shares must be held until the end of Transgene's corporate office.
- New Deputy CEO: if a new Deputy CEO is appointed, notably as the Responsible Pharmacist, if this person combines an employment contract with the corporate office, the compensation shall be the higher of that provided by the employment contract and that granted to the office's current holder. In the other cases, the current conditions shall be the maximum applied before the adoption of a new *ex-ante* policy by the shareholders. Share-based compensation and a golden hello may also be authorized under the same conditions as those described for the Chairman and Chief Executive Officer.

Exemptions

The Board of Directors reserves the right to temporarily derogate from this policy in exceptional circumstances, but only after a majority of directors, in which takes part a majority of independent directors, determines that this exemption from the compensation policy is necessary to serve the interests and long-term success of the whole Company or to guarantee its viability. The Board of Directors' exemptions and grounds shall be published on the Company's website without waiting for the publication of the following year's Corporate Governance report. The exceptional conditions justifying a temporary exemption may include, for example, the impossibility of recruiting a new qualified corporate officer with the resources provided by the current policy, or the need to retain key individuals in the event of a possible takeover or restructuring.

3.3.1.2 Criteria and methods adopted by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total compensation and benefits in kind for the Chairman and Chief Executive Officer (Hedi Ben Brahim).

1. Fixed compensation

Fixed compensation, paid in 12 monthly installments, reviewed and adjusted annually by the Board of Directors on the recommendation of the Compensation Committee taking into account in particular the best practices in the Company's industry. It is proposed to set this fixed compensation at a gross amount of €240,000 for the fiscal year 2022.

2. Annual variable compensation

A maximum of 40% of fixed compensation. The variable compensation is determined according to the level of achievement of the collective objectives (weight: 80%) and individual criteria (weight: 20%), as noted by the Board of Directors on the advice of the Compensation Committee. These targets are both quantitative and qualitative, based on the achievement of the Company's strategic objectives.

The Company's collective objectives for 2022: The Board of Directors has set the performance criteria applicable to all employees:

- Accelerate Transgene's development by launching the next clinical phase of the two vaccines in 2023 (weighting: 40%):
  - Prepare for the launch of a Phase II study in 2023,
  - Define the characteristics of a potential second product *myvac*®,
  - Communication of the results of the interim analysis and preparation of a registration study;

- Deepening the differentiation of Invir.IO™ compared to the competition (weighting: 25%):
  - Approval by at least one health authority before the end of 2022 of a clinical study of a new Invir.IO™ candidate for IV administration,
  - Determine the next phase of development for each of the BT-001 and TG6002 based on the clinical results obtained,
  - Preclinical development of two new oncolytic viruses with differentiating arms and a new proprietary vector with improved oncolytic capacities;
- Attract financial resources to support the Company's ambitions (weighting: 25%):
  - Attract top-tier investment funds,
  - Significant commercial transactions,
- Reinforce CSR in the corporate culture (weighting: 10%):
  - Deploy a training program at all levels of the Company on the social and environmental impact of Transgene's activity and achieve a participation rate of at least 95%.

Individual targets for 2022: The Board of Directors set the following individual performance criteria for the Chairman and Chief Executive Officer:

- invest in communication in order to improve the Company's visibility, including in the United States (weighting: 50%);
- develop the Company's human capital by ensuring succession plans for key positions (weighting: 50%).

At the Board's discretion, an outperformance of one criterion could compensate for a partial achievement of another criterion, without the overall assessment exceeding 100%.

It is noted that these objectives are partly financial in nature and partly non-financial in nature, but always aligned with the corporate interest. They are expected to change from year to year according to the Board of Directors' assessment of the priority actions to achieve the Company's medium and long-term objectives. The Board's practice is to set the same collective targets for all employees in order to align the Company on a shared course.

In the event of exceptional circumstances, the Board of Directors, on the advice of the Compensation Committee, could propose an exceptional bonus. This is paid during the fiscal year after the one in which the performance was noted.

Pursuant to Article L. 22-10-8 of the French Commercial Code, the payment of the annual or exceptional variable compensation is subject to approval by an Ordinary General Meeting of the items of compensation of the Chairman and Chief Executive Officer under the conditions stipulated in Article L. 22-10-34 of the French Commercial Code. Once paid, the compensation is not subject to a restitution obligation.

3. Total annual cash compensation

The resulting cash compensation (excluding any exceptional bonus) may reach a total of €336,000 in respect of the 2022 fiscal year, of which 71.4% fixed and 28.6% variable.

4. Allocation of shares

The Board of Directors allocates free shares subject to a presence condition within the limits of the envelope authorized by the General Shareholders' Meeting. Half of the shares are subject to performance conditions based on the Company performance criteria used for setting annual variable compensation. The minimum vesting and lock-up periods are those provided for by law, and at least 10% of the shares definitively vested must be retained until the end of a corporate mandate at Transgene. Share-based compensation aims to increase the portion of "risky" compensation due to performance conditions and the connection to the share price. No more than a quarter of the share allocations could be allocated to the Chairman and Chief Executive Officer.

3.3.1.3 Criteria and methods selected by the Board of Directors to determine, allocate and award the fixed, variable and exceptional items that comprise the total compensation and benefits in kind for the Deputy CEO (Christophe Ancel)

1. Fixed compensation

Fixed compensation, paid in 12 monthly installments, reviewed and adjusted annually by the Board of Directors on the recommendation of the Compensation Committee and the Chairman and Chief Executive Officer, taking into account in particular the best practices in the Company's industry. The gross fixed compensation proposed for the 2022 fiscal year is €143,028, an increase of 2.8% compared to 2021. In addition, as Responsible Pharmacist, Christophe Ancel receives a fixed annual service bonus of €1,800 per year.

2. Annual variable compensation

A target variable portion of 30% of fixed compensation rising to a maximum of 40% in the event of exceptional outperformance. The variable compensation is determined according to the level of achievement of the collective (weight: 40%) and individual (weight: 60%) objectives, as noted by the Board of Directors on the advice of the Compensation Committee. These targets are both quantitative and qualitative, based on the achievement of the Company's strategic objectives.

Under his employment contract, Christophe Ancel may benefit from incentive or profit-sharing plans as well as contributions and other benefits set up by the Company for all French employees.

Collective targets for 2022: see 3.3.1.2.2

Christophe Ancel's individual objectives for 2022:

Ensure the production of batches for clinical trials and the supply of new products (weighting: 1/3);

Contribute to the improvement of production and continuous control while preparing for the future (weighting: 1/3);

Ensure the implementation and improvement of the quality policy (weighting: 1/6); and

ESG: energy cost reduction plan (weighting: 1/6).

It is noted that these objectives are partly financial in nature and partly non-financial in nature, but always aligned with the corporate interest. They are expected to change from year to year according to the Board of Directors' assessment of the priority actions to achieve the Company's medium and long-term objectives. The Board's practice is to set the same collective targets for all employees in order to align the Company on a shared course. In the event of extraordinary circumstances, the Board of Directors, on the proposal of the Chairman and Chief Executive Officer and on the advice of the Compensation Committee, could propose an extraordinary bonus.

Christophe Ancel's compensation is entirely paid in respect of his employment contract and no additional compensation is paid or allocated in respect of his corporate office. Once paid, the compensation is not subject to a restitution obligation.

3. Total annual cash compensation

The resulting cash compensation (excluding any exceptional bonus) may reach a total of €200,239 in respect of fiscal year 2022, of which 71.4% fixed and 28.6% variable.

4. Benefits in kind

A Company car is allocated to the Deputy CEO. The value for 2022 is estimated at approximately €5,000.

5. Allocation of shares

The Board of Directors allocates free shares subject to a presence condition within the limits of the envelope authorized by the General Shareholders' Meeting. Half of the shares are subject to performance conditions based on the Company performance criteria used for setting annual variable compensation. The minimum vesting and lock-up periods shall be those provided for by law. Share-based compensation aims to increase the portion of "risky" compensation due to performance conditions and the connection to the share price. The allocation to the Deputy CEO shall not exceed the allocation to other members of the Executive Committee.

3.3.1.4 Criteria and methods used by the Board of Directors to determine, allocate and award directors' compensation

As compensation for their Board activity, the directors benefit collectively from a fixed annual amount known as "allocated compensation" for which the amount is recorded in operating expenses. The Board breaks down the compensation that is allocated and determined by the General Shareholders' Meeting. The directors' compensation must be distinguished from the amounts allocated for particular activities associated with employment contracts, compensation for the Chairman, Chief Executive Officer and Deputy CEOs, exceptional compensation for specific missions or mandates, refund of expenses.

The independent directors have the right to a fixed portion as consideration for their position as directors and, if applicable, as members, or Chairman, of one or several committees, and to a variable portion according to their effective and regular attendance at Board meetings, and if applicable, at the meetings of the committees in which they are members. The variable portion is the main portion of the compensation. The maximum amount that can be allocated to all directors (excluding the Chairman or Chief Executive Officer) in a calendar year is capped at €250,000 following a decision by the General Shareholders' Meeting in 2017. A draft resolution submitted to the General Meeting in May 2022 will increase this amount to €300,000 euros per year if it is adopted.

The Board has adopted the following scale:

- annual flat rate for all independent directors: €4,000;
- allocation per Board meeting: €3,000;
- allocation per session of a permanent special committee: €2;000:
  - allocation doubled for the physical participation of a director based outside of Europe,
  - possibility of allocating up to €2000 for the participation in a Scientific Advisory Board or a Medical Advisory Board or an *ad hoc* committee, at the Compensation Committee's discretion without the participation of the concerned director in the vote,
  - in the event that the budget authorized by the shareholders is exceeded, the Board will adjust the scale retrospectively on the recommendation of the Compensation Committee. The allocated compensation may be paid on a quarterly, half-yearly or annual basis, but never in advance. Once paid, the compensation allocated is not subject to a restitution obligation,
  - the non-independent directors do not receive flat rates, directors' fees or allocations,
  - due to his specific compensation as Chairman, an independent Chairman will not receive a fixed amount, fee or allocation in respect of his office as Director.

3.3.2 Compensation for 2021 – Corporate officers' compensation

Pursuant to Ruling no. 2019-1234 of November 27, 2019, on the compensation of corporate officers of listed companies and decree no. 2019-1235 of November 27, 2019, transposing Directive (EU) 2017/828 of May 17, 2017, amending Directive 2007/36/EC for the purpose of promoting the long-term commitment of shareholders, this Section 3.3.2 constitutes a report to shareholders on the compensation paid or awarded to corporate officers of the Company during fiscal year 2021 in respect of their office. This report contains the specific information required by Article L. 22-10-9 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of corporate officers' compensation.

Persons concerned

This report concerns the corporate officers of the Company, *i.e.* (i) the Chairman and Chief Executive Officer, (ii) the Deputy CEO and (iii) the directors.

Following a proposal by the Compensation Committee, at its meeting on March 10, 2021, the Board of Directors agreed the compensation package for Hedi Ben Brahim and Christophe Ancel for 2021. This package was proposed to the General Shareholders' Meeting on May 26, 2021, as a compensation policy as stipulated under Article L. 22-10-8 of the French Commercial Code in force at that date. Following a proposal by the Compensation Committee, at its meeting on March 16, 2022, the Board of Directors approved the level of achievement of the performance conditions for the variable compensation as well as the free share awards, and consequently, the amount of variable compensation and the number of free shares vested.

With regard to the other corporate officers, *i.e.* Company directors other than the Chairman and Chief Executive Officer, the shareholders during the Combined Shareholders' Meeting of June 8, 2017, authorized a maximum annual compensation budget of €250,000 and delegated the Board of Directors to set up the rules for allocation between the directors in accordance with the law. (A draft resolution submitted to the General Meeting in May 2022 will increase this amount to €300,000 euros per year if it is adopted.) Following the proposal by the Compensation Committee, at its meeting of March 17, 2017, the Board of Directors established the rules for allocating this compensation to directors and this scale was included in the Board of Directors' internal rules during its meeting of December 18, 2019, and reconfirmed by the Board on December 15, 2021.

General information on the compensation policy and on equity ratios

ANNUAL CHANGE IN COMPENSATION FOR EXECUTIVE CORPORATE OFFICERS OVER FIVE YEARS

The following table presents the average and median compensation based on a full-time equivalent of Company employees other than corporate officers (the guideline) as well as the so-called "equity" ratios between these guidelines, the minimum annual wage, in France (SMIC), on the one hand, and on the other hand, the compensation paid to each of the executive corporate officers over the last five fiscal years.

	Guidelines			Chairman and Chief Executive Officer				Deputy CEO				Transgene	
Fiscal year	Compensation			Equity ratios				Equity ratios				Financial Performance	
	Average = A	Median = B	Minimum wage = C	Compensation CEO portion	*vs.* A	*vs.* B	*vs.* C	Compensation Deputy CEO portion	*vs.* A	*vs.* B	*vs.* C	Revenues	Net income/ (loss)
2021	55,935	44,574	18,753	224,414	4.2	5.03	11.96	185,614	3.3	4.16	9.89	17,413	(19,536)
2020	56,445	47,188	18,655	746,276	13.2	15.8	40.0	152,222	2.7	3.2	8.2	9,915	(17,231)
2019	57,374	48,391	18,255	752,351	13.1	15.6	41.2	143,809	2.5	3.0	7.9	13,733	(18,804)
2018	58,839	49,441	17,982	743,511	12.6	15.0	41.3	141,601	2.4	2.9	7.9	42,919	8,029
2017	55,483	46,753	17,763	731,732	13.2	15.7	41.2	139,710	2.5	3.0	7.9	8,144	(32,275)

Transgene is a biotechnology company in a research and development phase and, in its business model, financial performance, excluding fund-raising, is not the most relevant indicator.

Shareholder Dialogue

The Board listens to the opinions expressed by shareholders on the issue of compensation. During the 2020 and 2021 Annual General Meetings, no questions concerning compensation were submitted before or during the discussions. The resolutions concerning compensation were all adopted by a large majority of shareholders, including shareholders not related to the reference shareholder.

Differences and exemptions

There are no discrepancies or deviations to report for the fiscal year 2021. The compensation paid or awarded to corporate officers in respect of fiscal year 2021 complies with the conditions of resolution 9 and resolution 10 approved by the Company's shareholders during the Combined General Meeting of May 26, 2021.

The compensation allocated to directors complies with the conditions of resolution 5 approved by the Company's shareholders during the Combined Shareholders' Meeting of June 8, 2017.

Chairman and Chief Executive Officer and Deputy CEO

In accordance with the Compensation Policy for the Chairman and Chief Executive Officer approved by the General Shareholders' Meeting on May 26, 2021, his annual compensation for 2021 was made up of annual fixed gross compensation of €220,000 and variable compensation of between 0 and 40% of his annual fixed compensation, conditional on both the Company's collective objectives for 2021 and certain other individual objectives related to his duties being met.

The Deputy CEO's annual compensation for 2021 was made up of annual fixed gross compensation of €139,118 and variable compensation of between 0% and 25% of his annual fixed compensation, conditional on both the Company's collective objectives for 2021 and certain other individual objectives related to his duties as Quality Manager being met. In addition, as Responsible Pharmacist, Christophe Ancel receives a service bonus of €1,800 per year. It should be noted that Christophe Ancel's compensation results from his employment contract and that no additional compensation is paid in respect of his corporate office.

For Hedi Ben Brahim, the level of achievement of Company collective and his individual objectives gives rise to variable compensation of 40% of his fixed annual compensation for 2021. For Christophe Ancel, the level of achievement of Company collective objectives and individual performance conditions, increased by an exceptional bonus of €1,800, results in variable compensation of 25% of his annual fixed compensation in respect of 2021, increased to 30% once exceptional compensation is included.

It should be recalled that the performance conditions are partly financial and partly non-financial, but always aligned with the corporate interest by combining a significant share of the executive corporate officer's variable compensation with priorities such as research, continued technological advantages, clinical development programs, CSR or the completion of major partnerships or financing operations. The non-financial components consist of priority actions to achieve the Company's medium and long term objectives. For example, the development of the Company's reputation through publications, obtaining clinical results or establishing partnerships with public or university research centers. For 2021, the Board of Directors has determined that the criterias of the collective objectives were fully met. The demanding criteria chosen by the Board of Directors resulted in only partial achievement and the loss of part of the variable and share-based compensation between 2016 and 2020. See "Performance Conditions" in Section 3.4.2.

2021 performance conditions applicable to the Chairman and Chief Executive Officer and the Deputy CEO

Following a proposal by the Compensation Committee, on March 16, 2022, the Board of Directors reviewed the extent to which the collective criteria from the 2021 objectives had been met. The collective objectives for 2021: prepare the 2022 business development plan by maintaining the 2021 clinical plan (weighting: 6/10); mobilize research for value creation (weighting: 2/10); and develop the financial outlook (weighting: 2/10). Given the relative weighting of the various performance criteria, the Board of Directors observed a 100% level of achievement of the Company's collective objectives for 2021.

2021 individual performance conditions applicable to the Chairman and Chief Executive Officer and the Deputy CEO

See Section 3.3.3.

Share plans granted or acquired in 2021 in which the Chairman and Chief Executive Officer and the Deputy CEO participate.

As part of a multi-year free share allocation plan voted at the General Meeting of 2018 and on the proposal of the Compensation Committee, the Board of Directors imposed a requirement for the Management Committee and in particular for the Chairman and Chief Executive Officer that half of the free shares awarded in September 2019 be vested in proportion to the achievement of the medium-to-long-term objectives to be assessed in March 2022. These medium and long-term objectives are: (I) obtaining clinical results for TG4050, TG6002 and at least one Invir.IO™ product with at least a second Invir.IO™ product in clinical trials (25%), (II) the exercise by AstraZeneca of a minimum number of options as part of the collaboration agreement signed in 2019 (25%), (III) significant partnerships for TG4001 and TG4010 (25%), and (IV) two years of financial visibility thanks to non-dilutive source (25%). The conditions may also be validated by the achievement of a minimum level of share price. Due to the partial achievement of several criteria, the Board, on the recommendation of the Compensation Committee, has retained an overall achievement level of 60%. The specific thresholds for the performance conditions and level of achievement are not disclosed for reasons of confidentiality.

The application of this 60% achievement level to the allocation of free shares in September 2019 results in a 40% reduction in the conditional portion of the allocation to the Deputy CEO and other members of the Management Committee. The current Chairman and Chief Executive Officer is not the beneficiary of this award.

Under a free share allocation plan in three equal annual tranches adopted at the 2021 General Meeting following a proposal by the Compensation Committee, the Board of Directors placed a requirement on the Executive Committee, and in particular on the Chairman and Chief Executive Officer that half of the free shares in the first tranche would *de facto* vest on a proportionate basis according to the achievement of the Company's collective objectives for 2021 as described in the 2020 Universal Registration Document. Applying this 100% level of achievement of the 2021 collective objectives to the first tranche of free shares results in no reduction of the conditional portion of the allocation. Assuming that the condition of presence is met at the date of delivery of this tranche on May 26, 2022, all free shares will be vested definitively by the beneficiaries, including the Chairman and Chief Executive Officer and the Deputy CEO. The two remaining tranches have definitive vesting dates of May 26, 2023 and May 26, 2024. Half of the free shares in this second and third tranche will vest in proportion to the achievement of the collective objectives for 2022 and 2023, respectively.

An overview of the compensation packages of executive corporate officers for fiscal year 2021 is presented below.

Table 1

SUMMARY OF THE COMPENSATION, STOCK OPTIONS AND SHARES GRANTED TO EACH CORPORATE OFFICER

(in € thousands)	FY 2020	FY 2021
Hedi Ben Brahim, Chairman and Chief Executive Officer		
Compensation payable for the fiscal year *(detailed in Table 2)*	N/A	312
Valuation of multi-year compensation	N/A	None
Valuation of options awarded during the year *(detailed in Table 4)*	N/A	None
Valuation of performance shares assigned during the fiscal year – no allocation in 2020, 642,652 shares in 2021	N/A	1,896
TOTAL	**N/A**	**2,208**
Christophe Ancel, Responsible Pharmacist, Deputy CEO		
Compensation payable for the fiscal year *(detailed in Table 2)*	152	174
Valuation of multi-year compensation	None	None
Valuation of options awarded during the year *(detailed in Table 4)*	None	None
Valuation of performance shares assigned during the fiscal year – 30,000 shares in 2020, 114,287 shares in 2021	40	337
TOTAL	**192**	**511**

NB: *The allocations of shares are presented on the date of allocation without taking into account subsequent reductions, for example due to the application of performance conditions. The valuation is at the stock market price on the grant date and the value on the vesting date may vary significantly.*

The shares awarded in May 2021 remain partly subject to performance conditions which will be assessed in March 2023 and March 2024.

Table 2

SUMMARY OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

	FY 2020		FY 2021	
(in € thousands)	Amount due	Amount paid	Amount due	Amount paid
Hedi Ben Brahim, Chairman and Chief Executive Officer				
Fixed compensation	N/A	N/A	220	220
Variable compensation	N/A	N/A	88(1)	-(2)
Exceptional compensation	-	-	-	-
Director's compensation	-	-	-	-
Payments in kind	-	-	4	4
TOTAL	**N/A**	**N/A**	**312**	**224**
Christophe Ancel, Responsible Pharmacist, Deputy CEO				
Fixed compensation(A)	116	115	125	125
Variable compensation	29	28	35(1)	29(2)
Director's compensation	-	-	-	
Service bonus	2	2	2	2
Exceptional compensation	11	2	7	11
Payments in kind	5	5	5	5
TOTAL	**163**	**152**	**174**	**172**
Philippe Archinard, former Chairman and Chief Executive Officer (for comparison)				
Fixed compensation	403	403	N/A	N/A
Variable compensation	351	343	N/A	351
TOTAL	**754**	**746**	**N/A**	**351**

(1) For variable remuneration in respect of financial year N, paid or to be paid during financial year N+1.
(2) For the variable compensation for the year N-1, paid during the year N.
(A) Pro rata fixed compensation in the amount of €139,118 authorized for full-time employment.

Table 7

PERFORMANCE STOCK THAT BECAME AVAILABLE FOR SALE DURING THE PERIOD FOR EACH CORPORATE OFFICER:

- Chairman and Chief Executive Officer: 0.
- Deputy CEO: 20,711.

Table 10

See Section 3.4.2.

Table 11

Executive corporate officers	Employment contract		Additional pension		Compensation due or that may become due as a result of termination or plan change in positions		Compensation related to a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Hedi Ben Brahim, Chairman and Chief Executive Officer Term of office: 2021-present		X		X		X		X
Philippe Archinard, Chief Executive Officer Term of office: 2004-2020		X		X		X		X
Christophe Ancel, Deputy CEO Terms of office: 2015-present	X			X	X (1)			X

(1) Due in respect of the employment contract and not the maintenance of the corporate office.

As far as the Company is aware:

- none of the directors benefit from an undertaking on the part of the Company or its subsidiaries in terms of elements related to compensation, indemnities or benefits of any kind which are or may be due in light of the employment, termination of employment or change in position, or afterwards;
- none of the directors received compensation from TSGH, which directly controls Transgene, during the fiscal year.

Total amount of pension provisions

At December 31, 2021, retirement provisions set up by the Company for the corporate officers totaled €2 thousand for Hedi Ben Brahim and €93 thousand for Christophe Ancel. The Chairman and Chief Executive Officer and the Deputy CEO do not benefit from supplementary pension schemes in addition to those provided by law and the pharmaceutical industry collective bargaining agreement.

Directors

The following table presents the total compensation allocated to each director in respect of the 2021 fiscal year compared to the 2020 fiscal year. The maximum aggregate budget and the breakdown rules did not change in 2020 or 2021, and the differences between the two fiscal years are attributable only to the number of meetings of the Board and special committees convened and the attendance of each director.

Table 3

TABLE ON DIRECTORS' COMPENSATION (FORMERLY DIRECTORS' FEES) AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Non-executive corporate officers *(in € thousands)*	Amount paid in 2020	Amount paid in 2021
PHILIPPE ARCHINARD [1]		
Directors' compensation	None	None
Other compensation	None	None
JEAN-PIERRE BIZZARI		
Directors' compensation	31	48
Other compensation	None	None
JEAN-LUC BÉLINGARD [1]		
Directors' compensation	None	None
Other compensation	None	None
ANTOINE BÉRET		
Directors' compensation	38	41
Other compensation	None	None
BENOÎT HABERT		
Directors' compensation	30	25
Other compensation	None	None
MARIE-YVONNE LANDEL		
Directors' compensation	34	42
Other compensation	None	None
TSGH (SANDRINE FLORY) [2]		
Directors' compensation	None	None
Other compensation	None	None
MAYA SAÏD		
Directors' compensation	43	49
Other compensation	None	None
LAURENCE ZITVOGEL		
Directors' compensation	24	27
Other compensation	None	None
TOTAL	**200**	**232**

(1) Non-independent director.
(2) In 2020, TSGH was represented by Ms. Dominique TAKIZAWA.

It should be noted that the rules for allocating compensation are set in the Board of Directors' Internal Rules and are presented in Section 3.3.1.4 of this document under the heading "Criteria and methods selected by the Board of Directors to determine, allocate and award directors' compensation".

As far as the Company is aware:

- none of the directors benefit from an undertaking on the part of the Company or its subsidiaries in terms of elements related to compensation, indemnities or benefits of any kind which are or may be due in light of the employment, termination of employment or change in position, or afterwards;
- none of the directors received compensation from TSGH, which directly controls Transgene, during the fiscal year. It should be noted that in 2020 and 2021, the Company did not pay any compensation to Mr. Archinard, Mr. Bélingard and Mr. Ben Brahim, nor TSGH and its permanent representative (Dominique Takizawa, replaced by Sandrine Flory as from January 1, 2021).

3.3.3 Individual compensation for 2021 – Executive corporate officers' compensation

Pursuant to Ruling no. 2019-1234 of November 27, 2019, on the compensation of corporate officers of listed companies and decree no. 2019-1235 of November 27, 2019, transposing Directive (EU) 2017/828 of May 17, 2017, amending Directive 2007/36/EC for the purpose of promoting the long-term commitment of shareholders, this Section 3.3.3 constitutes a report to shareholders on the compensation paid or awarded to each executive corporate officer of the Company during fiscal year 2021 in respect of their office. This report contains the specific information required by Article L. 22-10-9 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of executive corporate officers' compensation.

Persons concerned

This report concerns the executive corporate officers of the Company, *i.e.* (i) the Chairman and Chief Executive Officer and (ii) the Deputy CEO. The overall compensation paid or awarded in respect of 2021 is presented individually for the Chairman and Chief Executive Officer and for the Deputy CEO in Section 3.3.2, above. The variable and exceptional compensation package for the Chairman and Chief Executive Officer and Deputy CEO are subject to the approval by the Ordinary General Meeting of such a package for the person in question under the conditions set out in Article L. 22-10-34. The following sub-sections "A" and "B" present for the Chairman and Chief Executive Officer and the Deputy CEO, respectively, the information requested by law for this approval.

A. The variable and exceptional compensation of the Chairman and Chief Executive Officer (2021: Hedi Ben Brahim)

The total compensation for the Chairman and Chief Executive Officer paid or awarded in 2021 amounts to €308,011 in cash, and is valued at €2,208,417 including the share-based compensation awarded by the Board in 2021 as well as benefits in kind (see Tables 1 and 2). Fixed compensation represents 71.4% of compensation in cash, with variable compensation representing the remaining 28.6%. This proportion complies with the *ex-ante* compensation policy adopted in 2021, which provided for variable compensation of up to 100% of the fixed compensation.

The Chairman and Chief Executive Officer's performance criteria for 2021 consist of the following financial and extra-financial objectives: prepare the 2022 business development plan by maintaining the clinical plan in 2021 (weighting: 6/10); mobilize research for value creation (weighting: 2/10); and develop the financial outlook (weighting: 2/10). (these three objectives represent the collective performance conditions applicable to all staff for annual variable compensation) and individual performance criteria made up of elements linked to the progress of clinical projects and product candidates in order to prepare tomorrow's deals (weighting: 25%); the Company's financial visibility (weighting: 25%); the development of the company's human capital (weighting: 20%); the implementation of a renewed Business Development approach (weighting: 20%); and the acceleration of CSR initiatives (weighting: 10%).

The Board considered that the individual criteria for 2021 had been met, in particular due to compliance with the clinical plan set out, the extension of financial visibility through a successful private placement and the monetization of part of Transgene's stake in the capital of Tasly Biopharmaceuticals, the renewal of part of the Executive Committee, the implementation of a new Business Development structure reporting to a Chief Business Officer, and the organization of ESG initiatives and a dedicated working group within the company. The Chairman and Chief Executive Officer did not take part in this deliberation.

The variable compensation awarded in respect of 2021 is paid in 2022 in order to assess the performance after the end of the fiscal year. In 2021, the Chairman and Chief Executive Officer was not paid any variable compensation in respect of the 2020 fiscal year, since he only took office on January 1, 2021.

During the fiscal year 2021, the Chairman and Chief Executive Officer benefited from the annual free allocation in May of 642,852 shares, consisting of a welcome allocation of 300,000 shares and a triennial allocation of 342,852 shares. These shares are entirely subject to a presence condition and half of the three-year allocation is subject to the same collective performance conditions as the annual variable compensation. The specific thresholds for the performance conditions are not communicated for reasons of confidentiality. 100% of the welcome award and 10% of the three-year award remain subject to a holding obligation until departure from his functions.

The absence of a certain number of elements is recalled:

- The Chairman and Chief Executive Officer does not benefit from a top-up pension scheme (top-hat scheme) nor a departure indemnity (golden parachute).
- The Chairman and Chief Executive Officer is not subject to a paid non-compete clause nor to a restitution clause (clawback).

More generally, no differences or exemptions should be noted with respect to fiscal year 2021. The compensation paid or awarded to the Chairman and Chief Executive Officer in respect of the 2021 fiscal year complies with the conditions of resolution 8 approved by the Company's shareholders during the Combined General Meeting of May 26, 2021.

These components are summarized in the table below with a comparison with the 2021 fiscal year.

(in thousands of euros or number of shares)	FY 2020	FY 2021
Hedi Ben Brahim, Chairman and Chief Executive Officer		
Compensation payable with respect to the fiscal year	N/A	312
of which fixed compensation paid during the fiscal year	N/A	220
of which variable compensation in respect of the fiscal year but paid during the following fiscal year after shareholder approval	N/A	88
of which exceptional compensation due in respect of the fiscal year but paid during the following fiscal year after shareholder approval	N/A	*None*
of which directors' compensation	N/A	*None*
of which benefits in kind	N/A	4
Valuation of multi-year compensation	N/A	None
Valuation of options awarded during the fiscal year	N/A	None
Valuation of performance shares during the year – 642,852 shares in 2021	N/A	1,896
Number of performance shares vested during the fiscal year	N/A	-
TOTAL	**N/A**	**2,208**

B. The variable and exceptional compensation for the Deputy CEO (2021)

The total compensation for the Deputy CEO paid or awarded in 2021 amounts to €173,701 in cash, and is valued at €510,711, including the share-based compensation and benefit in kind awarded by the Board in 2021 (see Tables 1 and 2). The fixed compensation represents 80% of the cash compensation, the variable compensation represents the remaining 20%. Excluding the exceptional bonus, this proportion complies with the *ex-ante* remuneration policy adopted in 2021, which provides for variable compensation of up to a target bonus of 25%).

The Deputy CEO's performance criteria for 2021 consisted of the following financial and extra-financial objectives: prepare the 2022 business development plan by maintaining the clinical plan in 2021 (weighting: 6/10); mobilize research to create value (weighting: 2/10); and develop the financial outlook (weighting: 2/10) (these three objectives represent the collective performance conditions applicable to all staff for the annual variable compensation) and individual objectives consisting of: management of production and pharmaceutical quality staff (weighting: 22%); the smooth running of production commitments (weighting: 22%) regulatory approval of the pharmaceutical laboratory and the PilotClin production tool (weighting: 22%); compliance with the quality requirements of the Company and its partners (weighting: 22%); and corporate social responsibility initiatives (weighting: 12%). On March 16, 2022, the Board, deliberating on the recommendation of the Compensation Committee, retained an overall level of achievement of 2020 objectives of 100%, including an achievement rate of 100% for collective objectives and 100% for individual objectives. The overall variable portion of €42,000 or 30% based on a fixed compensation of €139,118 consists of the realization of the variable portion of 25% (€34,780 thousand) plus an exceptional service bonus of €7,220 euros. The Deputy CEO did not take part in this discussion. It is recalled that the variable compensation for the Deputy CEO is granted in respect of his employment contract.

The variable compensation awarded in respect of 2021 is paid in 2022 in order to assess the performance after the end of the fiscal year. In 2021, the Deputy CEO was paid his variable compensation in respect of the 2020 fiscal year of €40,000, approved by the General Shareholders' Meeting of May 26, 2021 (resolution 7).

During the fiscal year 2020, the Deputy CEO benefited from the annual free award in March of 114,287 shares, all of which are subject to a presence condition and half of which to the same collective performance conditions as the annual variable compensation. The specific thresholds for the performance conditions are not communicated for reasons of confidentiality.

In 2021, the Deputy CEO benefited from a company car, valued at approximately €5,000. Under his employment contract, he benefits from the legal severance provided by the national pharmaceutical industry collective bargaining agreement that currently opens the rights to just under nine months' salary if the conditions are met.

The absence of a certain number of elements is recalled:

- the Deputy CEO does not benefit from a top-up pension scheme (top-hat scheme) nor a departure indemnity (golden parachute) in respect of his corporate office;
- the Deputy CEO is not subject to a paid non-compete clause nor to a restitution clause (clawback);
- More generally, no differences or exemptions should be noted with respect to fiscal year 2021. The compensation paid or awarded to the Deputy CEO in respect of the 2021 fiscal year complies with the conditions of resolution 7 approved by the Company's shareholders during the Combined General Meeting of May 26, 2021. These components are summarized in the table below with a comparison with the 2020 fiscal year.

(in thousands of euros or number of shares)	FY 2020	FY 2021
Christophe Ancel, Deputy CEO		
Compensation payable with respect to the fiscal year [1]	158	174
of which fixed compensation paid during the fiscal year	116	125
of which variable compensation in respect of the fiscal year but paid during the following fiscal year after shareholder approval	29	35
of which exceptional compensation due in respect of the fiscal year but paid during the following fiscal year after shareholder approval	11	7
of which directors' compensation	*None*	*None*
of which benefits in kind	*5*	5
of which service bonus	2	2
Valuation of multi-year compensation	None	None
Valuation of options awarded during the fiscal year	None	None
Valuation of performance shares during the year – 30,000 shares in 2020, 114,287 shares in 2021	40	337
Number of performance shares vested during the fiscal year	21,653	-
TOTAL	**203**	**511**

[1] *Annual Service bonus of € 1,800*

3.4 CORPORATE GOVERNANCE REPORT – INFORMATION ON STOCK OPTION AND FREE SHARE PLANS

3.4.1 Stock options

3.4.1.1 History of stock option plans

As of the date of this Registration Document, a stock option plan was authorized by the General Shareholders' Meeting in 2010 and implemented by the Board of Directors. No stock options have been awarded since 2012. The status of these plans at December 31, 2021, is summarized in the following table.

Grant date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2020	Number of options remaining to be exercised at Dec. 31, 2021*
Dec. 13, 2012	Dec. 14,2017	Dec. 14, 2022	7,859	92,578	-	41,532
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**41,532**

* *This amount includes adjustments, in terms of the number of options and the exercise price, in accordance with regulations, following the capital increases maintaining preferential subscription rights of shareholders conducted in November 2016 and July 2019.*

Pursuant to Article L. 225-185, paragraph 4 of the French Commercial Code, the Board set at 10% the quantity of shares issued from the exercise of options granted that the Chairman and Chief Executive Officer will be obliged to hold as registered shares until he leaves his position. As of the date of this Document, no Executive Corporate Officer is a beneficiary of Transgene options.

STOCK OPTIONS GRANTED TO CORPORATE OFFICERS OR EXERCISED BY THEM DURING 2020

None.

STOCK OR PURCHASE OPTIONS AWARDED DURING THE FISCAL YEAR 2021 TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY IN THE GROUP

Name of executive corporate officer	Plan No. and date	Type of options	Valuation *(in euros per option)*	Number of options granted	Exercise price *(in euros)*	Exercise period
Hedi Ben Brahim	-	-	-	None	-	-
Christophe Ancel	-	-	-	None	-	-
TOTAL	**N/A**	**N/A**	**N/A**	**NONE**	**N/A**	**N/A**

STOCK OR PURCHASE OPTIONS EXERCISED DURING THE FISCAL YEAR 2021 BY EACH EXECUTIVE CORPORATE OFFICER

Name of executive corporate officer	Plan No. and date	Number of options exercised during the year	Exercise price
Hedi Ben Brahim	-	None	-
Christophe Ancel	-	None	-
TOTAL	**N/A**	**NONE**	**N/A**

Summary information on stock options granted to the ten non-corporate officer employees who received the highest number of options and options they exercised during 2021: None.

Stock options granted to the ten non-corporate officer employees who received the highest number of options and options they exercised	Total number of options granted or exercised	Weighted average price *(in euros)*	Plan number
Options granted during the year by the issuer and by any company within the option plan scope, to the ten non-corporate officer employees of the issuer and of any company within this scope, who received the highest number of options.	None	-	-
Options held on the issuer and the previously mentioned companies exercised during the year by the tenemployees of the issuer and these companies, who subscribed in this way the highest number of options.	None	-	-

Individual information on the options granted by the issuer and by any company within the option plan scope, to the ten non-corporate officer employees of the issuer and of any company within this scope, who received the highest number of options and the number of shares subscribed by the ten people subscribing to the most shares during the fiscal year: there were no option awards in 2021. No options were exercised during the fiscal year.

3.4.2 Free share awards

Five free share awards are outstanding as of December 31, 2021, adopted by the Board of Directors in 2019, 2020 and 2021 for all employees and executive corporate officers under a delegation granted by the General Shareholders' Meeting of May 22, 2019 and May 26, 2021.

The status of these unvested awards at December 31, 2021, is summarized in the following table:

	2021 PLAN			
General Meeting date	May 26, 2021			
Total number of shares authorized by the meeting	2,500,000			
	Grants 2021			
Board of Directors meeting date	May 26, 2021			
Total number of free shares awarded	1,999,556			300,000
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	457,139			300,000
Of which the Chairman and Chief Executive Officer	*342,852*			*300,000*
Of which the Deputy CEO	*114,287*			-
Of which the number of shares awarded to members of the Executive Committee	1,200,000			300,000
Of which, grants made during the fiscal year by the issuer and by any company in the scope of awards, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	802,117			-
Of which the balance not yet vested at Dec. 31, 2021	1,975,266			300,000
Of which vested at Dec. 31, 2021	-			
Cumulative number of shares canceled or void at Dec. 31, 2021	24,690			-
Vesting date	May 26, 2022	May 26, 2023	May 26, 2024	Jan. 1, 2024
Expiration date of the lock-up period	May 26, 2023	May 26, 2023	May 26, 2024	End of contract
Share value on the date of allocation (closing price on the date of allocation)			€2.95	€2.95

	2016 Plan		2018 Plan	2019 Plan		
General Meeting date	May 24, 2016		May 23, 2018	May 22, 2019		
Total number of shares authorized by the meeting	600,000		1,200,000	2,000,000		
	2017 Grant	**2018 Grant**	**2019 Grant**	**2019 Grant**	**2019 Catch-up**	**2020 Grant**
Board of Directors meeting date	Mar. 17, 2017	Mar. 21, 2018	Mar. 20, 2019	Sept. 18, 2019	May 27, 2020	Sept. 16, 2020
Total number of free shares awarded	183,000	220,600	414,800	1,399,774	5,934	601,682
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	31,000	34,600	77,500	350,000	0	150,000
Of which the Chairman and Chief Executive Officer	24,000	26,000	60,000	280,000	0	120,000
Of which the Deputy CEO	7,000	8,600	17,500	70,000	0	30,000
Of which the number of shares awarded to members of the Executive Committee	72,000	104,600	192,000	840,000	0	360,000
Of which, grants made during the fiscal year by the issuer and by any company in the scope of awards, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	49,400	85,000		628,236		223,620
Of which the balance not yet vested at Dec. 31, 2021	0	0	0	1,309,994	5,934	565,704

	2016 Plan		2018 Plan	2019 Plan		
Of which the balance not yet vested at Dec.31,2021	0	0	0	1,309,994	5,934	565,704
Of which vested at Dec. 31, 2021	173,175	200,750	375,120	0	0	0
Cumulative number of shares canceled or void at Dec. 31, 2021	9,825	19,850	39,680	89,780	0	35,978
Vesting date	Mar. 17, 2019	Mar. 21, 2020	Apr. 20, 2020	Mar. 30, 2022	Apr. 30, 2022	Mar. 30, 2022
Expiration date of the lock-up period	Mar. 17, 2021	Mar. 21, 2022	Apr. 20, 2021	Mar. 30, 2022	May 27, 2022	Sept. 16, 2022
Share value on the date of allocation (closing price on the date of allocation)	€2.63	€3.15	€2.98	€1.78	€1.47	€1.35

Since December 31, 2021, the Board of Directors has made a grant of 140,336 shares targeted at employees recruited since the grant of May 26, 2021. No corporate officer benefited from this grant.

Pursuant to Article L. 225-185 paragraph 4 of the French Commercial Code, the Board set at 10% the quantity of shares granted under free share plans that the Chairman and Chief Executive Officer will be required to hold in registered form until their appointments end. For specific grants, the Board may increase this amount to 100%

Performance conditions

The award of May 26, 2021: half of the grant to the members of the Executive Committee, including 171,426 of the 342,852 shares granted to the Chairman and Chief Executive Officer and 57,143 of the 114,287 shares granted to the Deputy CEO were subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions. The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the final allocation date of each tranche (*e.g.* fiscal year 2021 for the 2022 tranche), which will be assessed by the Board approving the closing of the annual financial statements for the fiscal year 2021, 2022 or 2023 as the case may be.

Grant of March 16, 2022: this targeted grant of 140,336 shares aims to integrate, a posteriori, people recruited since the grant of May 26, 2021 into the two residual tranches of this grant. The performance conditions are the same.

Welcome award of May 26, 2021: the 300,000 free shares granted to the Chairman and Chief Executive Officer are not subject to performance conditions. However, they are subject to a presence condition recorded on January 1, 2024, and subject to a holding obligation until the end of the CEO's term of appointment.

The award of September 16, 2020: Half of the awards to the members of the Management Committee, including 60,000 of the 120,000 shares awarded to the Chairman and Chief Executive Officer and 15,000 of the 30,000 shares granted to the Deputy CEO, are subject to the following performance conditions: preparing for business development for 2022 by maintaining the clinical plan in 2021 (weighting: 6/10); mobilizing research for value creation (weighting of 2/10); and developing the financial outlook (weighting: 2/10). The specific thresholds for the performance conditions are not communicated for reasons of confidentiality. These performance conditions will be assessed in March 2022. The Board of Directors noted an overall achievement of 100% of the Company's collective objectives for 2021.

The award of September 18, 2019: Half of the grant to members of the Executive Committee, including 140,000 of the 280,000 shares allocated to the Chairman and Chief Executive Officer and 35,000 of the 70,000 shares allocated to the Deputy CEO, are subject to the following performance conditions: the obtaining of clinical results for TG4050, TG6002 and at least one Invir.IO™ product with at least a second Invir.IO™ product in clinical trials, the exercise by AstraZeneca of a minimum number of options as part of the collaboration contract signed in 2019, significant partnerships for TG4001 and TG4010, and two years of financial visibility thanks to non-dilutive sources. The conditions may also be validated by the achievement of a minimum level of share price. The specific thresholds for the performance conditions are not communicated for reasons of confidentiality. These performance conditions will be assessed in March 2022. Applying this 60% achievement level to the March 2019 allocation of free shares results in a 40% reduction of the conditional portion of the allocation to the Deputy CEO and other members of the Management Committee.

The award of March 20, 2019: Half of the grant to members of the Executive Committee, including 30,000 of the 60,000 shares granted to the Chairman and Chief Executive Officer and 8,750 of the 17,500 shares granted to the Deputy CEO, were subject to performance conditions. Due to the Company's performance criteria only being partially met for 2019, on March 11, 2020, the Board of Directors reduced the Chairman and Chief Executive Officer's award of performance shares by 12,000 shares and the Deputy CEO's award by 3,500 shares of those awarded in March 2019.

The award of March 21, 2018: Half of the grant to the members of the Executive Committee, including 13,000 of the 26,000 shares granted to the Chairman and Chief Executive Officer and 4,300 of the 8,600 shares granted to the Deputy CEO, were subject to performance conditions. Due to the Company's performance criteria only being partially met for 2018, on March 20, 2019, the Board of Directors reduced the Chairman and Chief Executive Officer's allocation of performance shares by 3,250 shares and the Deputy CEO's allocation by 1,075 shares allocated in March 2018. These reductions are effective as from January 1, 2020.

The award of March 17, 2017: Half of the grant to the members of the Executive Committee, including 12,000 of the 24,000 shares granted to the Chairman and Chief Executive Officer and 3,500 of the 7,000 shares granted to the Deputy CEO were subject to performance conditions. Due to the Company's performance criteria only being partially met for 2017, on March 21, 2018, the Board of Directors reduced the Chairman and Chief Executive Officer's allocation of performance shares by 3,000 shares and the Deputy CEO's allocation by 875 shares allocated in March 2017.

Following the termination of Philippe Archinard as Chairman and Chief Executive Officer, the Board of Directors of March 10, 2021, on the recommendation of the Remuneration Committee and in view of the relevant plan regulations, determined that Philippe Archinard's unvested free shares remain subject to the presence condition which could be satisfied by maintaining his current position, or another position, within the Institut Mérieux group and that the performance conditions would not be enforceable against him. The Board of Directors also noted that the obligation to hold shares until the end of the term of office as Chairman and Chief Executive Officer has now lapsed.

At the date of this report, the free shares awarded, but not issued, represent a potential dilution of 2,463,068 shares. For information, the options awarded, but not exercised, represent a potential dilution of 41,532 shares. The resulting potential dilution related to the share-based compensation amounts to 2,504,600 shares, approximately 2.5% of the Company's share capital.

History of vested grants

- On December 16, 2012, 71,550 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 16, 2008.
- On December 9, 2013, 9,600 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 9, 2009.
- On December 7, 2014, 81,750 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 7, 2010.
- On December 13, 2016, 37,550 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 13, 2012.
- On May 24, 2018, 200,733 newly issued shares with a two-year lock-up, were vested to the beneficiaries the award decided by the Board of Directors on May 24, 2016.
- On March 17, 2019, 173,175 newly issued shares subject to a two-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 17, 2017.
- On March 21, 2020, 200,750 newly issued shares subject to a two-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 21, 2018.
- On April 20, 2020, 375,120 newly issued shares subject to a one-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 20, 2019.
- On March 30, 2022, 1,206,060 newly issued shares with no lock-up requirement were vested to the beneficiaries of the award decided by the Board of Directors on September 18, 2019; 5,934 newly issued shares were awarded to a beneficiary of the award decided on May 27, 2020; and 563,142 newly issued shares subject to a six-month lock-up were vested to the beneficiaries of the award decided by the Board of Directors on September 16, 2020.

In total, 2,919,364 shares in the share capital of Transgene were issued under free share awards.

3.5 AMF POSITION-RECOMMENDATION NO. 2014-14 – TABLES IN APPENDIX 2

In addition to the information required by the "say-on-pay" provisions of the French Commercial Code (Article L. 225-37), the tables required by appendix 2 of the AMF position-recommendation no. 2014-14 are presented below.

Table 1

SUMMARY OF THE COMPENSATION, STOCK OPTIONS AND SHARES GRANTED TO EACH CORPORATE OFFICER

See paragraph 3.3.2.

Table 2

SUMMARY OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

See paragraph 3.3.2.

Table 3

TABLE OF THE REMUNERATION ALLOCATED AS A DIRECTOR AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

See paragraph 3.3.2.

Tables 4 and 5

STOCK OPTIONS AWARDED DURING THE FISCAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY IN THE GROUP

STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR BY EACH EXECUTIVE CORPORATE OFFICER

See paragraph 3.4.1.1.

Table 6

PERFORMANCE SHARES AWARDED TO EACH CORPORATE OFFICER DURING THE FISCAL YEAR

Chairman and Chief Executive Officer: 642,852 shares.

Deputy CEO: 114,287 shares.

Table 7

PERFORMANCE STOCK THAT BECAME AVAILABLE FOR SALE DURING THE PERIOD FOR EACH CORPORATE OFFICER:

Chairman and Chief Executive Officer: None

Deputy CEO: None

Tables 8 and 9

HISTORY OF STOCK OPTION AWARDS

INFORMATION ON STOCK OPTIONS

See paragraph 3.4.1.1.

Table 10

HISTORY OF FREE SHARE AWARDS

See paragraph 3.4.2.

Table 11

See paragraph 3.3.3.

4

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (ESG)

4.1 GENERAL FRAMEWORK

Transgene is committed to a social responsibility policy guided by ethical behavior and values shared by the Institut Mérieux group and by all of the Company's employees.

This report presents an overview of Transgene's commitment regarding Environmental, Social, and Governance (ESG) criteria.

Transgene has not been required to publish a statement of non-financial performance (SNFP) since 2016 (the Company has fewer than 500 employees) but has voluntarily continued its reporting since then.

Transgene's ESG strategy is based on six commitments:

- commitment to patients;
- commitment to our partners;
- commitment to our employees;
- commitment to our shareholders and investors;
- commitment to society and the regions;
- commitment to the planet.

Bringing new therapeutic responses to cancer patients is Transgene's mission. Through scientific and technological innovation, Transgene is working to push back the limits of existing treatments. Beyond the positive contribution of its drug candidates, Transgene wants to ensure the Company's sustainability by creating value, strengthening its social contribution and minimizing its environmental impact.

The importance of the ESG policy is based on the commitment of each employee and manager to this vision, and the need for the Company to attract and retain talent, to meet the expectations of investors.

This is why Transgene decided to adopt an ESG policy in 2020 to strengthen the alignment of its actions with sustainable development objectives.

As a result, Transgene, with the contribution of its employees, is guided by the recommendations of the United Nations Global Compact and incorporates its ten principles into its strategy, practices and procedures.

In order to strengthen its ESG approach and develop its network at the regional level and share innovative best practices, Transgene joined the "Initiatives Durables" (sustainable initiatives) association. This association was created in 2004 and is run by responsible economy professionals who form a reference network in the Grand Est (more than 130 member companies). The association "Initiatives Durables" (sustainable initiatives) is committed to economic, societal and environmental responsibility.

4.1.1 Transgene's ESG governance

ESG governance is ensured by a dedicated working group comprised of departmental representatives appointed by the Executive Committee, to which it reports at least annually.

The Executive Committee validates the priority missions and indicators proposed by the working group, decides on the main strategic guidelines in terms of ESG and ensures that the proposed projects make ESG a factor of progress. The working group monitors the implementation of priority missions and assesses the level of indicators achieved by the Company's actions.

This working group was set up in 2019 and initially identified the ESG initiatives already in place at Transgene, and initiated discussions on the formalization of the Company's ESG policy.

Transgene does not have any products on the market. By definition, the Company therefore focuses its internal ESG activities on its R&D activities, the production of small clinical batches for its trials and its support activities.

In 2020, this working group proposed an ESG policy to the Executive Committee, which adopted it. It also defined several priority missions, broken down into dedicated projects and supported by monitoring indicators and qualitative or quantitative objectives.

Transgene's first ESG review took place in September 2021. The ESG team presented to the Executive Committee the actions carried out in 2020 and 2021 to promote Transgene's ESG commitment and measure its effects on the Company. Target objectives and an action plan for the coming year were also proposed.

From the 2021 fiscal year, following the recommendation of the ESG working group, an individual performance evaluation criterion has been included in the annual assessment of all employees.

4.1.2 Transgene values

Demand the best

- Act with an ever-renewed ambition, with a sense of humility;
- Be open to different cultures and new ideas;
- Target excellence;
- Explore new territories (geographical, technological, scientific, etc.);
- Demonstrate courage and daring, know how to be resilient and adapt.

Succeed together

- Be a team player in the event of failure as well as success;
- Engage responsibly in activities to advance science and research;
- Train co-workers and coach them in their careers, transmit knowledge and method;
- Perpetuate a heritage based on enduring values: continuity, loyalty, respect for people.

Create value

- Take risks and take responsibility for your actions;
- Innovate in all areas;
- Advance scientific and technological frontiers: promote multidisciplinary approaches and partnerships;
- Give priority to long-term vision.

4.1.3 Stakeholder dialogue

The working group ensures that stakeholders are involved or taken into account in Transgene's ESG thought process.

At the end of the working group's discussions with stakeholders, Transgene's Executive Committee defines the priority missions, establishes relevant indicators and ensures their monitoring.

These priority missions and their indicators will be communicated to the stakeholders and discussed with them in order to monitor and refine them over time.

The working group also ensures internal and external communication on Transgene's ESG commitment and the results obtained.

The working group ensures employee involvement through regular consultations, in particular on defining projects to achieve and maintain societal indicators validated by the Executive Committee.

Through Investor Relations, the working group ensures the proper communication of non-financial indicators to investors in the Universal Registration Document and other media and dialogue with non-financial rating agencies.

Patients are taken into account particularly for ethical reasons by the strong involvement of the medical affairs department.

Partner involvement is managed by the Purchases and Program and Alliance Management Departments.

The working group, in consultation with the Executive Committee, takes into account the commitment to society, the regions and the planet.

4.2 RESPECT FOR ETHICAL VALUES

Transgene is part of the Institut Mérieux, and in accordance with the principles of the Institut Mérieux, undertakes to act worldwide as part of its public health mission and in accordance with the laws that govern each of its activities. Transgene is committed to maintaining high ethical standards, to protecting patients participating in clinical trials through robust research and development (R&D) processes, and to constantly improving the integrity and transparency of its activities, in order to preserve the trust of patients and the medical community, employees and stakeholders.

Since 2021, a specific section of the website is dedicated to Ethics & Compliance.

Respect for the values of the Institut Mérieux

The Rules established by Transgene are consistent with those of Institut Mérieux and are the foundation that each of its employees must respect.

Transgene's actions are consistent with Institut Mérieux's historical ethical values, which are reflected in specific behaviors. Transgene intends to perpetuate the values of Institut Mérieux with its employees.

Institut Mérieux's values are available on its website: www.institut-merieux.com > Social commitment.

Transgene Code of Conduct

In accordance with the rules described in its Code of Conduct, Transgene undertakes to conduct its activities in compliance with the national laws, rules and regulations of the countries in which it operates.

Transgene is committed to, and expects each employee to respect, the highest standards of integrity. The Code of Conduct applies to all employees of Transgene and its subsidiaries, to all members of the Executive Committee and the Board of Directors.

Since 2020, Transgene updated its Code of Conduct. This document is available on the Company's website.

Prevention of corruption and money laundering

Transgene practices zero tolerance for all forms of corruption. The Company has put in place an anti-corruption framework within the Company and its subsidiaries, in particular pursuant to the Sapin 2 law, the UK Bribery Act, or the U.S. Foreign Corrupt Practices Act (FCPA). In 2017, Transgene adopted an anti-corruption and influence peddling code based on the Code of Conduct, and a charter governing interactions with healthcare professionals. These codes prohibit any attempt, direct or indirect, at corruption or influence peddling towards anyone.

A whistleblowing system and a whistleblower protection system are in place.

Any involvement in money laundering operations is strictly prohibited. Transactions involving financial flows are recorded in accordance with international accounting standards and other local standards. Transgene has financial policies and procedures in accordance with these standards and ensures that each of its entities complies with these rules. The Company's financial statements are also reviewed on an annual basis by certified auditors. The terms of the contracts have been adapted, a risk mapping has been carried out and accounting controls are carried out.

Since 2020, Transgene updated its Anti-corruption Code. This document is available on the Company's website.

A questionnaire to validate the correct understanding of this text must have been successfully completed by all employees.

Personal data protection

Transgene is committed to protecting personal data and respecting privacy. We ensure our compliance with the rules on the protection of personal data (in particular the GDPR) and have implemented a compliance program consisting of processes and measures to ensure optimal protection of personal data (privacy by design). A data protection officer has been appointed and each employee is involved in complying with data protection obligations.

Since 2021, Transgene has formalized a general personal data protection policy. This document is available on the Company's website.

Tax Matters

The Company follows a responsible tax policy and respects the local and international rules that apply to it.

Transgene policies

In addition to the aforementioned codes, Transgene has defined **Internal rules** of procedures and **a set of policies** covering the following aspects:

- fight against moral harassment and sexist actions, discrimination and stereotyping of disabilities;
- conflicts of interest;
- purchases;
- personal data protection;
- employees' inventions;
- Hygiene, Health, Safety and Environment;
- prevention of insider trading/management of privileged information;
- information technology;
- business travel.

Preventing cybersecurity risks

Companies and institutions depend on information technology to conduct their business. The daily use of computers, mobile devices and web applications brings a risk of cybercrime. Transgene has assessed these risks and implemented measures to prevent them, as far as possible.

Transgene employees are the first line of defense against cybercrime. Training and awareness-raising actions take place regularly.

The following measures are in place:

- email filtering system to screen out unwanted email;
- regular backup of our data (disaster recovery) and permanent update of the Company's backup platform;
- regular updates and integration of corrective patches to limit the risk of attacks on IT systems;
- several levels of security to protect strategic infrastructures;
- IT infrastructure penetration testing and regular security assessments;
- formalized emergency procedures;
- GDPR team in place (including a Data Protection Officer, or DPO) to ensure GDPR compliance;
- IT equipment usage charter;
- regular awareness of cybersecurity issues; and
- IT security and information systems usage charter attached to the rules of procedure (since 2019).

Internal control procedures

Transgene relies on internal resources and on multidisciplinary initiatives developed by Institut Mérieux for all its companies operating in different businesses, in order to guarantee compliance with a common vision of ethics and compliance.

Internal control procedures are described in Chapter 7 of this document. They cover in particular legal and regulatory compliance, risk management, the pharmaceutical control environment and financial and accounting information.

For example, a risk mapping process was conducted in 2021. Action plans were implemented to optimize the coverage of the identified risks.

4.3 COMMITMENT TO PATIENTS

Transgene acts to promote patient health and safety

As a public health player, Transgene puts the patient, and more broadly public health, at the heart of its action.

Our commitments focus on the fight against cancer through research and development of innovative therapies. These therapies stimulate the immune defenses of patients in order to specifically target cancer cells.

Transgene is committed to the research and development process to enable the design of new drug candidates with the potential to be integrated into the therapeutic arsenal of tomorrow.

Transgene's drug candidates are developed to provide benefits to patients and to respect their safety and that of those around them (caregivers, families, etc.). The Company has no products on the market.

Transgene ensures that all of its activities comply with national, European and U.S. regulations and meet strict quality, safety and efficacy requirements.

Transgene is committed to protecting the health of all by taking into account upstream the bioethical implications of its biomedical research activities.

R&D at the heart of our mission

Transgene's drug candidates are based on innovative technologies and target complex areas for which there are significant medical needs. As a result, obtaining very promising preliminary results does not mean that subsequent clinical trials will confirm these encouraging results. The risk of project failure is inherent in the business of Transgene and companies in the sector.

Transgene coordinates and carries out several activities, including several clinical trials. These trials can take several years and require both careful planning and strategic direction. Transgene has teams and committees dedicated to the implementation, monitoring and evaluation of its preclinical and clinical developments.

In 2021, Transgene dedicated €32.9 million in R&D expenses compared to €27.3 million in 2019. 73% of the workforce was dedicated to R&D in 2021, as in 2020.

Clinical trials conducted in the interest of patients and in compliance with regulations and human rights

To effectively meet the therapeutic needs of cancer patients, Transgene conducts clinical trials of its drug candidates in Europe and the United States.

This research falls within a strict regulatory framework whose purpose is to ensure the efficacy of therapeutic products.

Clinical trials are defined in coordination with Key Opinion Leaders (KOLs): oncologists nationally and internationally recognized for their contribution to improving patient care. This dialogue allows us to initiate clinical trials as closely as possible to the expectations of clinicians and patients, while creating a network of KOLs, who can then be involved in the treatment of patients included in clinical trials and the presentation of clinical trial results. In addition, the stability of the teams working with the clinical sites is a key factor in the trust established between them and the Company.

Clinical trials must receive authorizations from national health authorities, as well as be validated by several entities ensuring compliance with patients' rights, according to procedures that vary depending on the country and clinical sites (Patient Protection Committee, Ethics Committee, etc.). In view of these approvals, Transgene complies with all regulations in force and with a high level of requirements, both for the design and conduct of clinical trials and for the production of doses of drug candidate intended for patients. For example, the European Medicines Agency (EMA), the French National Agency for the Safety of Medicines and Health Products (ANSM), the Food and Drug Administration (FDA) in the United States and other regulators enforce compliance with stringent conditions for clinical trials and for the manufacture, development and even transport of products.

The clinical trials being conducted for the Company's drug candidates are conducted in strict compliance with the informed consent of the persons participating in biological research trials. Patients included in Transgene trials do not receive any compensation for their participation. They are free to leave the clinical trial at any time and without justification.

In addition, Transgene has an internal team dedicated to pharmacovigilance, which processes safety information from clinical trials in compliance with regulations.

For the Company's products to be marketed, they must receive an approval for market launch (AML) issued by the health authorities of the various territories in which they will be distributed.

Transgene's products and services aim to offer significant benefits to its customers (particularly pharmaceutical companies) and patients. It is therefore essential to provide them with accurate, transparent and objective information on these products and services. This information is shared in accordance with applicable laws, regulations and industry codes.

Transgene regularly receives questions and requests from patients and their families, particularly by e-mail. Transgene undertakes to ensure that all such requests receive a response from the medical team, in compliance with confidentiality obligations.

The Company provides educational content about its drug candidates on its website.

Clinical batches produced in compliance with pharmaceutical standards

Transgene is committed to providing clinicians and patients in its clinical trials with products that fully comply with pharmaceutical regulations.

At its Illkirch-Graffenstaden site (France), the Company has a pilot manufacturing area dedicated to the production of small clinical batches (for Phase I and II trials) in accordance with Good Manufacturing Practice (GMP). This site is in charge of producing doses for patients included in the two Phase I trials of TG4050 (*myvac*®). It has also been designed to enable the production of small batches of drug candidates from the Invir.IO™ platform for its clinical trials or those that its partners may conduct.

These activities present risks inherent to the quality of the products but also to the impossibility of supplying a sufficient number of doses. These manufacturing risks are mainly prevented through Quality Control and Quality Assurance functions, which monitor and audit the Company's processes.

- Quality Control assesses the efficacy of manufacturing processes to ensure compliance with specifications and limitations, and to assess the compliance of incoming materials, as well as components, containers, sealing and packaging processes, labeling, materials used in the production process and completed batches of drug candidates.
- Quality Assurance involves the systematic and independent review of all documents and activities related to clinical trials. This is done through audits of production sites (in the event that production is outsourced), suppliers or systems and procedures, as well as inspections.

These two functions make it possible to check the quality of manufacturing and controls, avoid any interruption in the supply chain and deliver products on schedule.

Other measures are in place, including:

- regular and preventive maintenance measures, regular maintenance and replacement of key equipment;
- a business continuity plan including an internal crisis management and disaster recovery team; and
- annual quality and safety audits.

The pilot production site received an ANSM inspection in 2020 and was certified as compliant with current standards.

The measures in place create a solid infrastructure that meets the requirements of pharmaceutical companies. **In particular, audits carried out in 2021 by our partners concluded that our practices complied with their specifications.**

Research of more predictive preclinical models and animal welfare

As a scientific research company, Transgene considers that it has a civic responsibility to limit animal experimentation as much as possible. As such, Transgene seeks alternative models that are more respectful and also more predictive of the results that will be observed in patients.

As part of this approach, Transgene has been involved for several years in researching new models, in particular organs-on-chip. Two employees are members of the Euro Organ-on-Chip Society and the Company is hosting a CIFRE PhD student on this topic. Transgene is also part of the European ImSavar consortium bringing together public and private players. It is a founding member of the working group coordinated by BioValley France, whose purpose is to structure the French participants in this field.

These new organ-on-chip models are part of the "reduce, refine, replace" approach and also aim to optimize the predictability of preclinical models in terms of toxicity and efficacy. By working on these innovative models, Transgene and its partners collectively aim to reduce the attrition inherent in the development of new drug candidates, to offer effective treatments more quickly to patients and to ultimately minimize the use of laboratory animals.

The Company has an internal Ethics Committee responsible for evaluating preclinical trials. For its animal models, it selects AAALAC accredited partners (Association for Assessment and Accreditation of Laboratory Animal Care International), who comply with ethics legislation, have an animal welfare structure, an independent Ethics Committee and have social and enrichment programs. These structures may also implement programs for the reclassification of animals when study conditions permit. Transgene regularly conducts on-site audits with the partners concerned.

4.4 COMMITMENT TO OUR PARTNERS

Transgene has customers, suppliers and partners all over the world. The Institut Mérieux group's global network of suppliers and partners is a major asset for Transgene and the Group. Transgene is keen to forge strong and mutually beneficial relationships with responsible suppliers and partners.

The purchasing policy ensures compliance with fair practices. It establishes long-term relationships of trust, monitoring and partnership with our suppliers and service providers. The strength of our collaborations also helps encourage our partners to adopt their own ESG approach.

Transgene has implemented processes and controls to prevent corruption risks.

All employees must familiarize themselves with and apply the Transgene Anti-corruption Code and undertake to report any fraudulent practices.

Transgene also has access to an online database to verify whether the third parties with which it works or wishes to engage are considered at risk in terms of corruption.

4.4.1 Subcontracting and suppliers

Consideration of social and environmental issues in the procurement policy

The Company has established a code of ethics that all suppliers must adhere to. This document is available on the Company's website, in the Contacts/Purchasing section.

According to these principles, suppliers and partners must, among other things:

- comply with all laws and regulations in their countries of operation;
- refuse to participate in any corrupt activities or money laundering;
- avoid and eliminate anti-competitive practices;
- follow the applicable international trade legislation;
- take responsibility for the health and safety of their employees;
- respect fundamental human rights, including the prohibition of child labor, the prohibition of human trafficking and all other cruel, inhuman or degrading practices;
- comply with labor law;
- authorize employees' freedom of engagement and association;
- act in accordance with international standards and laws on environmental protection.

Selection of suppliers and fair treatment of partners

Transgene seeks to collaborate with diversified firms that can present their products, services and expertise. They may be small firms, run by women, minorities, veterans or people with disabilities.

The selection of suppliers is based on price, quality, delivery conditions, diversity criteria and reputation. It must also take into account their respect for responsible business practices in terms of ethics and the environment.

CROs and subcontractors in charge of clinical batch production

The Company makes significant use of the services of companies specializing in the conduct of clinical trials and related services, known as CROs (Contract Research Organizations) for most of its clinical trials. The Department of Medical and Regulatory Affairs oversees that these subcontractors perform the services properly. Control management ensures that subcontractors are within budget and the Quality Assurance Department checks for quality.

These providers operate within a strictly regulated framework that aims to ensure the quality of the clinical trials conducted and are audited by the Company's Quality Assurance group.

The Company also uses subcontracting for the manufacturing of certain of its batches of drug candidates used for clinical trials. ABL Europe, the subcontractor, belongs to the Institut Mérieux. It operates in the Company's old manufacturing premises and has hired former Transgene employees. The Responsible Pharmacist, who is the Director of Quality Assurance, closely oversees the services provided by this subcontractor.

Compliance of subcontractors working for and/or in the Company in relation to their social obligations to personnel involved in the Company is part of their specifications.

Supplier payment terms

As of December 31, 2021, 78% of unpaid invoices are due within 30 days (see Section 7).

4.4.2 Interaction with healthcare professionals

Essential to Transgene's success, healthcare professionals play an important role in developing products and services, conducting clinical trials, and helping patients use their solutions.

Transgene and its employees and representatives must never offer or provide anything to a healthcare professional (gift, donation, remuneration, hospitality) that would improperly influence their prescriptions, recommendations, purchases or supplies of products or services. All interactions with healthcare professionals must be based on a legitimate professional motive, relate to the practice of the beneficiary's profession and comply with the amounts set by law. What may be accepted as commercial or civic practice in other fields may be inappropriate for a healthcare professional. Where required by law, any transfer of value from Transgene to a healthcare professional must be authorized and/or declared to the government and professional bodies (*e.g.*, the Order of Physicians).

All of our links with healthcare professionals are available on the transparence.sante.gouv.fr website administered by the French General Health Directorate.

Transgene has a policy governing interactions with professionals, covering several aspects, of which:

- compliance with transparency obligations regarding agreements signed, remuneration paid and benefits granted to healthcare professionals in France (physicians, healthcare institutions, associations);
- compliance with the rules laid down by the French National Council of the Order of Physicians, which, since October 1, 2020, provides for the approval of contracts and amounts paid by pharmaceutical industry players and doctors.

An internal audit is conducted twice a year by the Corporate Secretary, in coordination with the medical affairs departments and the Finance Department, to randomly check that transactions requiring a transparency declaration are accessible on the Transparence Santé (Health Transparency) official website.

4.4.3 Fair practices

Transgene has every interest in promoting a business sector with trustworthy practices. Most national and regional economic systems advocate free competition as the most beneficial way for consumers. The fairness of Transgene's relations with its suppliers and competitors fosters the trust of its stakeholders and facilitates their work.

In line with its Code of Conduct and the regulations applicable in Europe and the United States, Transgene condemns anti-competitive practices, including industrial espionage, price agreements and non-compliance with confidentiality obligations. The Corporate Secretary coordinates employee awareness-raising on these issues and, in collaboration with the Institut Mérieux, conducts annual internal audits on these issues.

4.5 COMMITMENT TO OUR EMPLOYEES

Our employees are what drives Transgene. The Company believes that they are its main resource for achieving its objectives.

In addition to complying with legal and regulatory constraints, the Company wants to help improve working conditions and develop the skills of our employees, two important performance drivers. Our commitment is to serve everyone, to maintain a dynamic, open and friendly working environment.

Transgene's ESG approach is a participatory approach in which employees actively propose and carry out various actions. Transgene's ESG approach involves everyone.

Transgene ensures that human rights are respected in all of its activities.

4.5.1 Social issues

Transgene employs 167 employees (105 women and 62 men) based in France as of December 31, 2021.

The Company had one employee in its entity based in the United States, which has not been included in this reporting.

TOTAL NUMBER AND BREAKDOWN OF EMPLOYEES BY GENDER AND AGE

Data specific to the Company: employees present at December 31, 2021 – France

	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
Under 25years old	12	12	12
25 to 39 years old	42	47	54
40 to 49 years old	36	37	38
Over 50years old	69	68	63
Total	**159**	**164**	**167**
Managers	110	109	112
Non-managers	38	44	43
Other statuses (CIFFRE, apprentices)	11	11	12
Total	**159**	**164**	**167**
Permanent contract	136	139	143
Fixed-term contract	12	14	12
Other (CIFFRE, apprentices)	11	11	12
Total	**159**	**164**	**167**
Men	56	58	62
Women	103	106	105
Total	**159**	**164**	**167**

All employees located in France are covered by the National Collective Bargaining Agreement for the pharmaceutical industry.

4.5.1.1 Quality of life at work

Well-being at work is part of Transgene's DNA, and each year it leads numerous initiatives intended to create and maintain a pleasant, convivial and appealing working environment.

Promoting collective initiatives

The size and mindset of Transgene's teams enable employees to contribute to the daily life of the Company. This participative commitment is reflected in the implementation of actions that promote both individual initiatives and a collective spirit. For example: volunteer employees were able to choose tree species following a storm and plant fruit trees; an employee upcycling coffee capsules decorated one of the living spaces with her creations.

Offering good working conditions

The offices have been designed to combine the fluidity of exchanges within and between the teams.

Ergonomic equipment is available to employees and training/awareness-raising on the prevention of musculoskeletal disorders and working on a screen carried out during the year.

The Health, Safety and Environment (HSE) department and HR are the first contact point for any questions relating to working conditions.

Transgene encourages employees to comment on their working conditions, particularly during departmental, laboratory or team meetings, during the annual information meeting (collection of questions before the meeting), in the context of working groups or cross-functional meetings (in particular "Transcom" and "Transverse" meetings).

The Sharepoint internal network, the "Transcript" blog, or internal surveys can be used to collect information.

Sharing knowledge and bringing the Transgene culture to life

A particularly innovative company, Transgene has many experts among its employees. Since 2016, they have been invited to present their occupation, their missions and the progress of their projects to all employees. These "Transverse" meetings take place on a monthly basis on a voluntary basis.

Transgene also encourages researchers and medical teams to present the results of their research at local, national or international congresses, and to publish scientific articles whenever possible. Transgene also promotes membership in learned societies such as the American Society of Clinical Oncology (ASCO), the Society for ImmunoTherapy of Cancer (SITC), the European Society for Medical Oncology (ESMO), the American Society for Biochemistry and Molecular Biology (ASBMB), the Société de Biologie de Strasbourg (SBS) and the European Organ-on-Chip Society (EUROoCS).

Since 2020, Transgene has been taking part in the Women in Science Day alongside Institut Mérieux companies. In 2020, two Transgene researchers were honored; a CIFRE PhD student and a researcher from this visibility in 2021 and a research technician in 2022.

Transgene regularly organizes meetings and convivial activities allowing employees of the two sites to meet and discuss informally (shared buffet, annual party, internal competitions, "our employees have hidden talents", seniority anniversaries, theme days – safety, disability). Physical meetings were suspended due to the health situation in 2020 and 2021 and replaced, when possible, by virtual events.

Sport at work and living spaces

The Illkirch premises are located near the Neuhof forest, which is a prime area for outdoor sports activities such as running and walking.

Since 2008, Transgene has had a bicycle shed to encourage employees to use this mode of transport. For several years now, the Company has been taking part in Strasbourg's *Au Boulot à Vélo* challenge. With nearly 40 participants in 2020, almost 450 journeys and 3,200 km traveled, Transgene ranked third among companies with 101 to 500 employees. The Company moved up the rankings to take the top spot among companies in its category in 2021 by mobilizing 40 participants and clocking up more than 10,000 km (917 trips and some challenges allowing for some additional kilometers to be obtained). It has participated for several years in the *Strasbourgeoise* and the *Course des Lumières*.

Showers and changing rooms are available for athletes.

The head office has a cafeteria, an ideal space for lunch, and several living and break areas. Transgene has developed green spaces to allow meals to be taken outside, on the outskirts of a grove left in its natural state.

Work-life balance

Since it was founded, the Company has striven to adopt numerous measures that help balance its employees' work and private lives:

- part-time work by choice involved 28 people in 2021 including one male manager, 19 female managers and 8 female non-managers (27 people in 2020—one male manager, 19 female managers and 7 female non-managers);
- maternity and paternity leave at full pay;
- the granting of two paid half-hours per day for breast-feeding up to six months after maternity leave;
- the financing of five places at the neighboring daycare (annual cost: €61,466 in 2021 versus €69,629 in 2020);
- a two-hour leave of absence at the start of the school year for each child, from kindergarten to French grade six inclusive.

Remote working

In order to promote work-life balance and following an employee survey (78% employee response rate), Transgene set up a pilot project on remote working in 2019. This project made it possible to set up the necessary tools and infrastructure and to adapt management practices.

Thanks to this pilot project, Transgene was able to quickly adapt to the lockdown measures in 2020, without major IT issues.

On September 1, 2020, an agreement on regular and occasional remote working came into force. Transgene also has a practical guide for remote workers and managers. Training on remote working best practices was offered to employees.

The Company had 53 regular remote workers (a fixed 1-2 days per week) in 2021 (44 in 2020) and 55 occasional remote workers (31 in 2020).

Organization of working time

Agreements on the organization of working time provide for non-managerial working hours of 37 hours and 40 minutes per week and nine days of reduced working hours and, for managers, an annual fixed rate of 215 days with 9 days of additional time off.

Several agreements are in force on the following subjects:

- employees on a fixed day rate:
  - work on Sundays, at night or on a public holiday, if needed,
  - monitoring the organization of work by means of a self-declarative monthly statement of rest periods, completed by employees and validated by the N+1 and HR in the event of anomaly,
  - implementing measures to reduce anomalies (non-compliance with rest times): remote working, recovery days, lighter workloads, etc.;
  - updating of the fixed working day interview to deal with the question of the use of digital technologies, workload and balance between professional and family responsibilities.
- employees who work on an hourly basis:

An additional agreement for non-managerial employees was signed in 2003 on working overtime and exceptional hours worked at night, on weekends and on public holidays. It is more favorable than the Collective Agreement.

The Company has signed additional agreements covering all employees (excluding senior executives):

- right to disconnect;
- best practices charter for the use of digital tools;
- internal communication actions on work-life balance;
- travel agreement setting the rest compensation for employees traveling (conferences, etc.) outside working hours;
- on-call duty (maintenance, animal care, quality assurance);
- work ordered on weekends and public holidays falling on weekdays.

4.5.1.2 Attracting, retaining and developing talent

Recruitment

In order to onboard new arrivals quickly and efficiently, Transgene has various measures in place, including a personalized induction program, complemented by internal training and follow-up meetings during the first months.

HIRES AND DEPARTURES

For the period January 1, 2021, to December 31, 2021
(Including apprenticeship and professional training contracts and CIFRE PhD student)

Hires	23 (including 10 temporary and 7 apprentices)
Departures	20 (5 temporary, 1 CIFRE PhD student and 3 apprentices)

NB: the following indicators were based on a full-year headcount (136 employees in 2021).

Attractive remuneration

Transgene has a compensation program based on international standards.

Total payroll for 2021 was €15.1 million (€14.7 million in 2020; €13.9 million in 2019).

Employees benefit from collective guarantees that exceed legal and contractual provisions:

- supplementary health insurance to benefit from better coverage of healthcare costs, including alternative medicine;
- "Transgene for me": free medical and psychological teleconsultation, telemedicine and social assistance services;
- supplementary pension, fully covered by the employer for non-managers and half-covered for managers and equivalents. This plan was transformed into a Mandatory Retirement Savings Plan (PERO) in 2021;

- renegotiation of employee benefits contracts;
- free share payment plans covering Transgene employees on permanent and fixed-term contracts (2021-2023 three-year plan approved in May 2021);
- modernization in 2021 of existing employee savings plans:
  - implementation of a PERO to accommodate sums allocated to supplementary pensions (previously "Article 83") and untaken rest days;
  - overhaul of the Company Savings Plan (PEE) to offer a more attractive plan, with the implementation of an employer contribution in 2021;
  - amendment to the profit-sharing agreement signed in 1993.

COMPENSATION AND CHANGES OVER TIME

The following table shows the breakdown of average gross annual compensation (wages/salary and bonuses) for men and women for 2019, 2020 and 2021, in euros (excluding Executive Committee and CIFRE):

Classification according to the National Collective Bargaining Agreement for the pharmaceutical industry

		3	4-5	6 non-managers	6 managers**	7	8	9***
2021	Men	N/A	34,103	NC*	41,729	51,308	79,015	NC*
	Women	NC*	33,772	44,787	41,968	52,583	71,153	NC*
2020	Men	N/A	33,513	NC*	42,456	51,956	77,729	NC*
	Women	N/A	34,211	44,555	41,279	52,844	68,002	N/A
2019	Men	0	34,984	NC*	41,360	53,089	73,069	97,566
	Women	NC*	35,752	43,006	42,002	50,889	65,650	NC*

* *NC: data not provided for confidentiality reasons; fewer than 3 employees are covered by this classification.*
** *Excluding CIFRE.*
*** *Excluding Senior Director (2019 and 2020)..*

After an analysis of remuneration, there is no overall significant difference in salary between men and women. The differences observed, particularly in classification 8, can be explained by seniority in a small workforce or by specific occupations.

Training

Training policies implemented

The level of initial training is high (approximately 60% of employees have a higher education of the type BAC +5 and above). Continually maintaining employees' knowledge and skills at the highest level of technology is a necessity to maintain the Company's competitiveness. To preserve and develop this human capital, the Company devotes considerable effort to continuing training (4.72% of payroll in 2019; 3.58% of payroll in 2020 and 3.72% in 2021) and to the development of knowledge and know-how, including through a policy of sending people to leading, internationally recognized conferences and seminars and through numerous collaborations within the scientific community, and an extensive and constantly updated document base.

The Company also pays special attention to safeguarding its competencies through the transmission of knowledge, such as through hosting work-study programs, offering internships and offering in-house training.

5 CIFRE PhDs, 7 work-study students, 11 end-of-study interns and 14 third-year interns were accepted in 2021 (4 CIFRE PhDs, 11 work-study students, 10 end-of-study interns and 6 third-year interns in 2020). In the event of a job opening corresponding to their profile, they will be given priority review.

Total number of hours of training

2,268 hours were dedicated to occupational training in 2021 (2,378 in 2019 and 1,883 in 2020). 85% of employees took at least one training course in 2020 (67% in 2019 and 56% in 2020).

Internal mobility

Transgene encourages professional mobility within occupations (skills development) and to new businesses (cross-functional development). An individual performance and development interview with the N+1 is held every year for all employees, followed by a professional interview with the manager every three years (or with HR after a long leave). An internal development committee meets every year to review and issue an opinion on individual professional development requests.

Employees moving to another Mérieux Group entity retain their seniority and the free shares from which they benefit.

4.5.1.3 Open social dialogue

Social dialogue takes place in accordance with the French Labor Code. The members of the Social and Economic Committee (CSE) were elected in February 2018. The renewal of the bodies is planned for the year 2022, at the end of the terms of office of the current SEC.

In its rules, the CSE created three commissions with different responsibilities: The Committee for Health, Safety and Working Conditions (CSSCT), the Commission for Gender Equality and the Training Commission.

The economic and social database, now the Economic, Social and Environmental Database (BDESE) in 2021, includes all the data provided to employee representatives. It is accessible on the Company's intranet and is updated according to the schedule of deadlines defined by the parties.

Collective bargaining agreements

The Company undertook a number of discussions with its social partners, resulting in the signature of six agreements in 2021, four in 2020 and five in 2019:

- a three-year agreement on Gender Equality and Quality of Life at Work (January 2021);
- an agreement relating to work ordered on a weekday public holiday and on May 1 (March 2021);
- an agreement to transform Article 83 (additional pension) into a Mandatory Retirement Savings Plan (PERO) (June 2021);
- an amendment to the overhaul of the Company Savings Plan (PEE) (June 2021);
- amendment No. 4 to the profit-sharing agreement (June 2021);
- an agreement to extend the terms of office of the SEC (December 2021);
- terms and conditions for setting paid holidays and working hours under the emergency law and the ordinance of March 25, 2020 (April 2020);
- work required on Sundays, nights and public holidays for managers on a day-rate plan (April 2020);
- implementation of an on-call quality assurance regime (April 2020);
- introduction of remote working for an indefinite period (July 2020);
- implementation of a remote working pilot for an experimental period of six months (June 2019) and amendment extending the pilot phase by an additional six months (December 2019);
- professional equality and quality of life at work (December 2019)
- professional interviews (December 2019);
- collective health insurance (December 2019);

Each year, the Company undertakes mandatory annual negotiations (NAO) leading to the signature of an additional agreement.

4.5.2 Non-discrimination

GENDER BREAKDOWN BY AGE

Employees as of December 31, 2021 – France

	Men	Women	Total
Under 25years old	4	8	12
25 to 39years old	24	30	54
40 to 49years old	14	24	38
Over 50years old	20	43	63
Total	**62**	**105**	**167**

Transgene's overall score on the Professional Equality Index for 2021 was 92 out of 100 (91/100 in 2020 and 90/100 in 2019).

The average age of the workforce was 43.3 years at the end of December 2021 (44.2 years for women and 41.8 years for men). The average length of service is 12.5 years (13.9 years for women, 10.2 years for men). 38% of the workforce is over 50 years old.

Transgene has been committed to the issue of integrating and retaining disabled workers in employment for several years now. In 2021, the Company entered into a partnership with a specialist consultant to provide local support for employees on various topics: occupational health, disability, caregiver situation, etc. In 2020, an employee benefited from support measures (preparation of the RQTH file, adapted workstation) in order to return to work after a long-term sick leave.

4.5.2.1 Professional equality between men and women

In light of the analysis of the comparative situation between women and men at the end of 2018 and 2019, the parties recognized that the situation in terms of professional equality was satisfactory overall and signed a new agreement on March 1, 2021 for a 3-year term to make the actions already put in place permanent and implement new actions relating to:

- professional promotion: fostering equal opportunities in terms of integration into internal channels (expertise and managerial);
- effective remuneration: to catch up on, salaries where there is a gap noted, for the same level of function, responsibility, skills, professional experience and performance;
- work-life balance and exercise of family responsibility: see 4.5.1.1.

Situation noted at Transgene:

- although Transgene's occupations have high female representation, there is no significant overall evidence from recent years showing inequality between men and women, except in high classifications. Any differences observed are attributable to seniority/initial training in a small workforce;
- the Company's workforce is more female than male across most employment categories and classifications. However, the opposite is true for the Executive Committee. The Board of Directors has 40% female directors;
- for many years, Transgene has implemented voluntary initiatives aimed at facilitating its employees' work-life balance (see 4.5.1.1).

4.5.2.2 Measures taken to promote employment and integration of disabled workers

The Company benefits from measures defined in the pharmaceutical companies' collective agreement (Leem) of September 25, 2008, to promote the employment and retention in employment of people with disabilities, as amended by the Protocols of September 24, 2009, and November 21, 2019, and support from the branch organization, HandiEM, for the deployment of its disability policy. Within this framework, it has appointed a disability correspondent, to be a relay for HandiEM and a pilot for Transgene's disability policy.

Transgene has seven employees declared RQTH in 2021 (six employees in 2020 and 5 employees in 2019). The Company also used several social-support-through-work centers for various services (Handirect, ESAT ESSOR, AVS, ESAT La Ganzau, etc.).

To encourage the hiring of disabled workers, the Company's application management software displays its non-discrimination policy and allows disabled workers to identify themselves. Their applications can be prioritized accordingly.

The Company forged ahead with communications efforts to combat stereotypes on disabilities:

- it continued to arrange in-house consultations for all employees on health matters, on how companies accommodate illness and disabilities in the workplace and support for the recognition of disabilities. This ongoing effort, provided by a company called Hanvolution, then Cap!,, makes it possible for any employee who so desires to broach freely and in confidence all questions about health at work. This consultation resulted in the Recognition of the Quality of Disabled Worker (RQTH) for four people in 2018/2021;
- Transgene has also continued its communication efforts by organizing its ninth consecutive annual disability day in November 2021, to raise awareness and counter prejudice, as part of the Disability Employment Week *(Semaine pour l'Emploi des Personnes Handicapées)*. This awareness-raising took place in the form of "Handi'Feels" workshops with seven simulators (ageing, hemiplegia, back pain, tremors/Parkinson's, eye disease, hearing impairment, knee pain), information banners, the projection of a TEDx conference and discussion time with the speakers.

4.5.2.3 Fight against discrimination

The Company has implemented HR processes enabling non-discriminatory and objective practices:

- Recruitment:
  - Transgene ensures equal opportunities by advertising positions both internally and externally,
  - the non-discrimination policy (extracts from the French Labor Code) is displayed in the Company's reception area,
  - service providers with which Transgene works commit to non-discrimination through clauses in their contracts,
  - applications are assessed on the basis of candidates' skills and sent to N+1 according to a pre-determined experience specification,
  - applicants are received for interviews by HR on N+1 if not N+2 and by the team in question,
  - managers are made aware of the principles of non-discrimination through the internal training course entitled "The essentials of employment law for managers";
- Employment/promotions:
  - all measures implemented the HR development policy to make practices more objective: defined criteria, personnel files specifying practiced or observed skills, professional development committee and validation by an *ad hoc* commission,
  - in accordance with the Gender Equality agreement, the Professional Development Commission is an interdisciplinary structure with gender parity;
- Access to professional training:
  - the Training Commission has access to all data about trained personnel (gender, status, classification) and has not identified any discriminatory practices.

4.5.2.4 Promotion and enforcement of the provisions of the fundamental conventions of the International Labour Organization

Respect for freedom of association and the right to collective bargaining

The Company declares that it strictly upholds the freedom of association of employees. The right to collective bargaining is exercised in its institutions within the framework defined by the French Labor Code.

Elimination of forced or compulsory labor

The Company has no operations in countries where such practices occur.

Effective abolition of child labor

The Company has no operations in countries where such practices occur.

4.5.3 Health and Safety

Transgene strives to prevent occupational illnesses and accidents. The purpose of the Company's security policy is to ensure the safety of people working within the Company and the protection of the Company's tangible and intangible assets. It applies in particular to R&D and production activities in PilotClin.

To define, implement and improve this safety culture, the Company has a Health, Safety and Environment (HSE) department, comprising an HSE head and HSE technician. The HSE team ensures that the rules and procedures are followed and organizes additional training. It is responsible for monitoring key indicators and regularly report on near-misses, incidents and accidents.

The 2021 annual prevention program was established at the beginning of the year, presented to the CSSCT and attached to the minutes of the meeting. All regulatory and mandatory actions have been completed; additional improvement actions initiated by the Company were completed during the year. Partially completed or uncompleted actions have been carried over to the 2022 annual prevention program. An annual prevention report is prepared each year, detailing all the key events of the previous year.

The health and safety training plan for 2021 involved 669 hours of HSE training, which represents 28% of total training hours.

In October 2021, the third Transgene Safety Day took place. After a forced stop in 2020, this day could be renewed with a training on "first aid". Employees have been trained by Civil Protection on how to identify and act in a dangerous situation for themselves and others

4.5.3.1 High equipment and operating standards

The Company has made the mandatory declarations for its facilities. Technical checks and inspections of the facilities are carried out in accordance with the legislation in force.

The laboratories are designed and equipped both to protect the experiments being conducted from any outside contamination and to protect the employees from accidental exposure to potentially hazardous products.

The Company's operations are subject to pharmaceutical standards (Laboratory and Clinical Best Practices) and to the provisions of the French Environmental Code that refer to the confined use of genetically modified organisms. In this regard, it is subject to administrative authority approval, given upon recommendation of the French High Council for Biotechnologies, for its viral vector constructions. Authorization includes the classification of these constructs and the confinement conditions for their handling. The Company's investments in the quality of its products have a safety and protection dimension, but are not necessarily recorded as specific costs related to this issue.

Transgene is also committed to training its staff. Staff have the necessary authorizations and training for the various safety needs related to their workstation.

4.5.3.2 Health, Safety and Working Conditions Commission

The Health, Safety and Working Conditions Committee, now the Health, Safety and Working Conditions Commission, operates within the Company pursuant to the regulations in force.

The CSSCT meets at least four times a year in ordinary session. Minutes are taken of each meeting and circulated to all employees, to the occupational physician and to the labor inspectorate. It makes periodic visits to the sites and facilities, and may choose to hold extraordinary meetings following a serious accident or incident, or in the case of specific relocations, or new organizational measures that impact on employee health and safety. The procedures for serious and imminent danger were not called upon in 2021, 2020 and 2019. or in 2018. An analysis was carried out in 2021 (two in 2020 and two in 2019) following a workplace accident and an incident.

WORKPLACE ACCIDENTS, FREQUENCY AND SEVERITY; OCCUPATIONAL DISEASES

Number of accidents (including on-site aid in the infirmary)	2019	2020	2021
Total Company accidents resulting in an entry in the infirmary logs or a report	13	22	18
Number of accidents reported	3	8	5
▪ of which, commuting accidents (home-workplace)	1	4	3
▪ workplace accidents	2	4	1
▪ travel accidents (away from the workplace)	0	0	1
Number of accidents with work stoppage	0	3	0
Number of travel accidents with work stoppage	0	1	0
Frequency rate [1]	0.00	12.229	0.00
Severity rate [2]	0.000	0.375	0.00

(1) Number of workplace accidents with stoppage (excluding during travel) multiplied by 1,000,000 and divided by the number of hours worked.
(2) Number of days lost due to temporary disability (excluding during travel) multiplied by 1,000 and divided by the number of hours worked.

No occupational illnesses were recognized in 2021 (as in 2020 and 2019). The employer did not file any reports indicating any processes that could cause occupational illnesses in 2021, as in 2020 and 2019.

After the forced shutdown in 2020, the safety day took place in 2021 on the topic of "life-saving skills". A total of 93 employees were trained by French Civil Protection on how to act in a situation that is dangerous for oneself or others. The following day, employees were able to put their knowledge on cardiac massage into practice thanks to a virtual reality animation.

4.5.3.3 Preventing commuting accidents

For many years, Transgene has been investing in actions to raise awareness of the risk of "commuting accidents" and has taken initiatives to reduce this risk, such as the road safety day in 2019, various awareness-raising sessions on road safety in cars, by bicycle, etc.

In order to promote our prevention efforts and measures likely to reduce the frequency and severity of these accidents, the CARSAT Alsace-Moselle granted Transgene in 2021 a 25% reduction on the flat-rate premium for commuting accident coverage. This translates into a reduction of around €5,000 in the overall "workplace accident" premium.

In addition, Transgene was honored by this establishment at the 2019 Safety Competition.

4.5.3.4 Absenteeism

The absenteeism rate was 3.92% in 2021 excluding partial activity related to Covid-19 (lockdown without the ability to work remotely or childcare duties), 7.29% in 2020, versus 2.76% in 2019. The high variation in the absenteeism rate between 2019 and 2020 is explained by three long-term illnesses (1,806 days) and one workplace accident (48 days off). Excluding these three long-term illnesses, the absenteeism rate stood at 2.16% in 2021 (2.03% in 2020), in line with previous years.

4.6 COMMITMENT TO OUR SHAREHOLDERS AND INVESTORS

Through its various communication methods, Transgene provides a widely accessible documentary database that goes beyond regulatory requirements.

Its regular publications, as well as its participation in numerous events, ensure the greatest transparency of its activities and results.

Institutional investors

In 2021, Transgene continued its efforts to raise its profile among French and international institutional investors.

- Transgene took part in around ten conferences for investors in France, the United States and Europe (face-to-face and virtual).
- Roadshows, mostly virtual, were organized for institutional funds based in France, Israel, the United States, Germany, Benelux, the United Kingdom and Switzerland.

Individual shareholding

Particular attention is paid to individual shareholders.

- Individual shareholders can receive press releases directly by email by registering on the Transgene website.
- A dedicated contact answers their questions by email and telephone.
- Educational video materials were produced and are available online, particularly on *myvac*® (TG4050), Invir.IO™ (BT-001 and TG6002) and TG4001.

Analyst coverage

Transgene also ensures that its coverage is as broad and diversified as possible.

The Company is monitored by Oddo BHF, Bryan Garnier, Invest Securities, Kempen and Kepler Cheuvreux (whose research is available on a public website).

Since 2020, the British firm Intron Health initiated research coverage of Transgene.

ESG rating

Transgene is monitored by two ESG rating organizations: Gaïa Index Ethifinance and Vigeo Eiris. For the 2020 fiscal year, Vigeo Eiris assigned a score of 44/100 to Transgene, compared to 24/100 for the 2019 fiscal year. Gaïa EthiFinance awarded a score of 76/100 for the 2020 fiscal year, compared to 69/100 for the 2019 fiscal year.

4.7 COMMITMENT TO SOCIETY AND THE REGIONS

The Company has been based in Strasbourg since its creation and has a site in Lyon. It strives to be active and present in its territories, promoting, whenever possible, suppliers and candidates from the Rhine valley (Alsace, Germany, Switzerland). Transgene's policy is to train young people and each year receives apprenticeship, professional training contracts, work-study and regularly CIFRE PhD candidates with the aim of training them.

4.7.1 Local, economic and social impact of the business

In employment and regional development

Since its inception in 1979, the Company has located most of its activities in Strasbourg and in the suburbs of that city. As the French pioneer in genetic engineering, it has a strong local attraction, and provides professional opportunities for scientists, researchers and technicians in the life sciences.

On local or neighboring populations

The principal office of the Company is located in an area dedicated to scientific and technical activities, the Parc d'Innovation in Illkirch-Graffenstaden. There are therefore no immediate neighboring populations that its business could impact.

Neither the business, nor the facilities of the Company create noise pollution.

4.7.2 Relationships with persons or organizations who have an interest in the Company's activities

Conditions for dialogue with such persons or organizations

The Company is active locally, albeit on an informal basis and through some of its employees, with various associations, universities, institutions or collective groups, including Biovalley France (an association in favor of the development of activities related to life sciences in the Grand Est region) or Strasbourg Sud Développement, which carries out initiatives to promote employment in this sector.

Transgene is a member of professional associations such as France Biotech and Leem. It is also an SME member of Efpia. Transgene believes that it does not engage in lobbying activities.

Employees are encouraged to join learned societies (see 4.5.1.1 Sharing knowledge and bringing the Transgene culture to life).

Partnerships or sponsorships

To date, Transgene has not generated any profit. It therefore concentrates most of its financial resources on its research and development on innovative cancer therapies.

Whenever possible, and within its financial constraints, the Company supports initiatives related to its business and its regions.

Donation of laboratory equipment

Transgene donates functioning laboratory equipment that is no longer in use to associations or educational institutions. Three vortex mixers were donated to Biotech-Lab of the Strasbourg School of Biotechnology (ESBS) in 2020. In 2019, Transgene donated several pieces of equipment, including a laboratory automaton and an elispot reader (representing a total purchase value of nearly €200,000 before accounting depreciation), to the EASE school-plant located on the Illkirch Graffenstaden campus.

Faced with the shortage of equipment during the Covid-19 pandemic, Transgene donated masks (surgical and FFP2) and gowns to several health establishments in Strasbourg and Lyon.

Cancer associations

Every year, Transgene takes part in two races whose profits go to the fight against cancer, the *Strasbourgeoise* and the *Course des lumières* in Lyon.

Likewise, Transgene supports the Les Petits Princes association, which enables children suffering from long-term illnesses to make their dreams come true, and la Ligue contre le Cancer.

Local initiatives

Employees can participate, in a personal capacity, in local initiatives, publicized internally:

- in December 2021, 26 gift boxes (55 boxes in 2020) were collected from Transgene employees for the benefit of the "Mauraude du Partage" association;
- Transgene employees also made a commitment to students with the "Le sac solidaire étudiant" (student solidarity bag) initiative, contributing 40 bags;
- in 2021, 87kg of corks (30 kg in 2020) were collected for the Bouchon Bonheur 67 association, to promote the integration of disabled people, an action repeated in 2022.
- an organ donation awareness campaign was also held.

Actions for young people

A link with the academic world

By definition, research and innovation is linked to the academic world. Many employees have personal links with universities from which they are graduates or nearby universities. They are encouraged to participate in higher education, to present what they do or to give courses. As an example, Éric Quéméneur, Scientific Director of Transgene, is also Chairman (on a voluntary basis) of the École Supérieure de Biotechnologie de Strasbourg (ESBS).

Collective actions are also organized. Each year, Transgene works with the Faculty of Pharmacy in Strasbourg to present its activities to students. In 2020, Transgene was also asked to organize mock interviews at the ESBS to prepare students for their job search.

The Transgene Prize is awarded each year by the Société de Biologie de Strasbourg to a young doctor from the University of Strasbourg who has written an outstanding thesis in biology.

In 2021, Transgene took part in a Franco-German-Swiss exchange program co-organized by Alsace Tech allowing students of three nationalities to work on a professional project in order to improve their language and skills levels and develop their project management skills

A link with youth employment

Transgene has set up a proactive policy to welcome young people into companies (work-study/apprenticeship students, internships – including third-year internships -, CIFRE). Depending on the profile sought, Transgene makes intern and work-study offers to regional universities. Each year, the Company also welcomes about ten students from Alsatian secondary schools for a corporate discovery internship.

Our neighborhoods have talent: for several years, Transgene has enabled its employees to sponsor a young graduate having difficulties finding a job. This initiative was revitalized in 2021, with the participation of around fifteen mentors.

4.8 COMMITMENT TO THE PLANET

Controlling its environmental impact in response to the climate emergency is a major and growing challenge for civil society.

Transgene believes that its environmental footprint is reduced due to its R&D activity. Currently, Transgene's activities do not include any industrial production or distribution, which means that there is no significant consumption of raw materials, nor any significant release into the environment or of greenhouse gases. Transgene also operates within an extremely strict regulatory framework with which it complies.

Nevertheless, Transgene aims to further reduce its environmental impact and protect its natural resources. This involves sorting and recycling as much of its waste as possible or using green energy.

4.8.1 Preventing pollution

The drug candidates designed and developed by Transgene result from biological sciences (specifically, molecular and cellular biology) and use biotechnology processes (cell culture, purification processes, etc.) to enable a transition from laboratory work to the production of quantities of products controlled and approved for human clinical trials.

The processes to realize these products are extremely complex and require materials that present potential risks to individuals and the environment in the case of accidental exposure. These processes occur within several levels of containment.

Thus, the research laboratories are designed and equipped both to protect the product during its development from any outside contamination and to protect the employees as they do their work from accidental exposure to potentially hazardous products.

Organization of the Company to take into account environmental issues

The Company believes that its research has very little impact on the environment, since operations relating to this activity take place in a confined environment. Transgene Laboratories are not affected by the regulations on Installations Classified for the Protection of the Environment.

The impact of this activity on the environment is controlled in two ways:

- by strictly applying pharmaceutical quality standards that permit monitoring and tracking at all stages of activity (air testing and treatment, quality of materials used, controlled flow of materials and personnel, etc.); and
- by observing the environmental regulations in force with respect to aspects not directly imposed by those standards (classification of research in terms of the regulations on genetically modified organisms, confinement of operations, effluent and waste handling and treatment, etc.).

Training and information for employees

The Company regularly carries out actions to raise employee awareness of environmental issues, including waste sorting and digital pollution.

Resources devoted to the prevention of environmental risks and pollution

The Company has a Health, Safety and Environmental Officer. In addition, research takes place in a confined environment and related resources and equipment (air treatment filters, microbiological safety cabinets, autoclaves, etc.) help prevent environmental risks.

Provisions and guarantees for environmental risks

The Company has made no provisions or guarantees of this kind.

4.8.2 Waste management

Prevention, reduction and repair measures for air, water and soil discharges that seriously affect the environment

The Company's research and development activity is conducted in a confined environment. This confinement is obtained through several levels of air treatment and controls including microbiological safety cabinets, air depressurization to prevent its exit, absolute filters on ventilation ducts, etc. All of its equipment is regularly maintained and checked.

The airtightness of cooling production facilities (cooling units, heat pumps, cooling rooms) is checked and ensured regularly by service providers.

Refrigerants, potentially hazardous to the environment, were replaced in 2020. In 2021, no refrigerant leaks were recorded.

Prevention, recycling and waste disposal measures

The Company's activity generates various types of waste that require sorting for special treatment. It ensures, as far as possible, that the quantity is reduced.

The Company has entered into agreements with qualified service providers for removal and treatment in accordance with the standards and rules that govern these various categories.

In addition, the Company conducts separate sorting and removal of non-hazardous waste, paper, cardboard, plastic and can, and special waste requiring special precautions.

4.8.3 Sustainable use of resources and protection of biodiversity

The Company launched its onsite production of small clinical batches, which has been ramping up since 2018. This new activity and the work to commission and test the new production unit as well as the added workforce, has led to an increase in resource consumption since 2018.

Water use and water supply

The Company's activities involve the use of water. This use is directly related to changes in R&D projects and does not trigger relevant indicators.

The growth in water consumption between 2019 and 2020 is due to the ramp-up of the pilot production unit and the production of batches intended for clinical trials of TG4050.

The water used comes from the urban network; there are no specific supply constraints in the Grand Est Region.

WATER *(IN M³)*

Year	Volume	Change
2019	4,221	+26%
2020	4,881	+16%
2021	3,838	-21%

Energy consumption, measures to improve energy efficiency and use of renewable energy

The equipment in the research laboratories and the facilities for producing clinical batches run exclusively on electricity. There is a very strict equipment maintenance plan to ensure optimal energy consumption.

The laboratory and office building, delivered in 2008, took into account the challenges of reducing energy costs within the scope of existing technologies at the time. It is equipped with heat pumps for heating and cooling and uses electricity for steam production.

Solar panels supply hot water to staff showers.

The Company decided to source 50% of its electricity from renewable energy sources, purchased from the local supplier Energies de Strasbourg.

ELECTRICITY *(KWH)*

Year	Total	Change
2019	3,740,072	+12%
2020	3,692,957	-1.3%
2021	3,556,466	-9.1%

Consumption of raw materials and measures to improve efficiency of their use

For a more responsible use of natural resources, the site's printers are configured to use recycled paper as default setting.

Climate change

Greenhouse gas emissions

Despite its activities, Transgene does not produce any direct greenhouse gas (GHG) emissions. Indirect GHG emissions are linked exclusively to electricity consumption and have generated 150 tonnes of CO_2 equivalent in 2021.

The conversion of the above energy consumption into CO_2 emission equivalents is done by applying the ADEME conversion factors.

Greenhouse gas emissions in the value chain

The Company estimates that the direct or indirect generation of greenhouse gases from its activity is limited. Emissions mainly come from: business travel, commuting to and from work, sending our research or clinical samples, and delivery of research materials and consumables.

Adaptation to the impacts of climate change

The Company has no activity requiring special measures to adapt to climate change impacts.

Promotion of soft mobility

Transgene encourages its employees to use public transport and soft traffic modes.

Transgene also encourages the use of bicycles with the provision of a bicycle storage shed, showers and changing rooms.

Four electric charging stations have been made available to employees using an electric vehicle.

Business travel

Whenever possible, Transgene recommends using environmentally-friendly modes of transport.

Due to the pandemic in 2021, the majority of events did not require travel, which is reflected in a significant drop in CO_2 emissions.

CO_2 EQUIVALENT OF BUSINESS TRAVEL BY MODE OF TRANSPORT

CO_2 equivalent – *By calendar year, reservations made with the Egencia travel agency*

	Plane	Train
2019	273.9	0.9
2020	82.0	0.5
2021	61.0	0.9

Measures taken to preserve or develop biodiversity

Neither the Company's activities nor its facilities have any impact on biodiversity.

The environment around Transgene is rich in meadows and flowering trees that offer a real potential of nectar and pollen for the development of an urban beekeeping. Aware of this situation and wanting to help protect bees, Transgene offered the ASAPISTRA beekeeping association a site on its land. This location currently hosts beehives, belonging to the ASAPISTRA association, for training purposes (for members of the association) and for educational purposes for Transgene employees.

Transgene has a grove on its site in Illkirch-Graffenstaden. It is left in a natural state to preserve the small fauna in this area. As part of the International Day for Biological Diversity, two lime trees and a local flowering species were planted there.

4.9 METHODOLOGICAL NOTE

Transgene has not been required to publish a statement of non-financial performance (SNFP) since 2016 (the Company has fewer than 500 employees) but has voluntarily continued its reporting since then.

Methodologies for reporting social, safety and environmental indicators are likely to have certain limitations inherent in the practicalities of collecting and consolidating such information.

Unless otherwise indicated, the items in the following report concern the Company (Transgene), located in France, where its business is primarily conducted in two facilities located in Illkirch-Graffenstaden and Lyon. Its wholly-owned American and Chinese subsidiaries operate as representative offices (Transgene, Inc., based in the United States which has no employee at December 31, 2021 and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd., based in China, which has no employee at December 31, 2021) and no sales activity. They are therefore not included in this report's indicators.

Figures are provided for the fiscal years 2019, 2020 and 2021 only when such figures are relevant.

Social indicators

For the social indicators, the calculations were made using the headcount as at December 31, 2021, namely 167 employees (105 women and 62 men) of Transgene, based in France. The Group has one employee in its entity based in the United States, who has not been included in this reporting.

Total workforce

Employees on a permanent, temporary or work-study employment contract with Transgene at December 31, 2021, are counted in the total workforce. Trainees and temporary staff are excluded.

Hires and departures

Temporary contracts are included in the reporting of this indicator. The following are excluded from the reporting for both hires and departures: the conversion of temporary employment contracts to permanent ones when the end of the prior contract coincides with the start of the new contract.

Rate of absenteeism

It refers to the ratio of the number of working hours missed (illness, workplace accidents and commuting accidents) to the number of hours worked.

Number of hours worked

This indicator covers only the activities located in France for the period from January 1 to December 31, 2021.

The number of hours worked is taken from the payroll summary and is used to calculate the rate of absenteeism.

The hours used to calculate the frequency and severity rates are taken from the annual declaration of social data (abbreviated to DSN), in the specific workplace accidents section.

Professional equality index

The Commission on Professional Equality was involved in choosing the approach to categorizing the eligible workforce for calculating the first Professional Equality Index (by classification rather than socio-professional grouping).

Safety indicators

Frequency rate and severity of accidents with work stoppage

The frequency rate of accidents with work stoppage equals the number of accidents with work stoppage of greater than or equal to one day occurring during a twelve-month period per million hours worked. The severity rate of workplace accidents is equal to the number of days lost due to temporary disability, excluding commuting accidents, occurring during a period of twelve months per thousand hours worked. Commuting accidents from the home to the workplace are excluded from the calculation of these indicators.

Environmental indicators

Unless otherwise indicated, the items in the following report concern the Company (Transgene), located in France, where its business is primarily conducted in two facilities located in Illkirch-Graffenstaden and Lyon. Its wholly-owned American and Chinese subsidiaries operate as representative offices (Transgene, Inc., based in the United States which has no employee at December 31, 2021 and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd., based in China, which has no employee at December 31, 2021) and no sales activity. They are therefore not included in this report's indicators. Figures are provided for the fiscal years 2019, 2021 and 2021 only when such figures are relevant.

The indicators on water consumption only cover the activities in the building housing the registered office, the administrative and regulatory activities and the R&D labs at the facility in Illkirch-Graffenstaden (France). The Company is not in a position to present environmental indicators for the laboratory in Lyon, since no information has been provided by the landlord.

CO_2 equivalent of business travel by mode of transport

The data comes from the Egencia Analytics Studio dashboard, provided by the travel agency Egencia. The CO_2 Emissions Workspace uses a proprietary algorithm developed by Egencia's data scientists based on industry standards to track CO_2 emissions. These standards were developed by the UK Department for the Environment, Food and Rural Affairs (DEFRA), and are considered by regulators as reference standards for estimating CO_2 emissions.

5

ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2021

5.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

5.1.1 Consolidated financial statements

Consolidated balance sheet, IFRS

ASSETS

(in € thousands)	*Notes*	Dec. 31, 2021	Dec. 31, 2020
CURRENT ASSETS			
Cash and cash equivalents	*3*	5,911	5,277
Other current financial assets	*3*	43,658	21,077
Cash, cash equivalents and other current financial assets	***3***	**49,569**	**26,354**
Trade receivables	*4*	10,133	1,667
Other current assets	*5*	2,543	2,666
Total current assets		**62,245**	**30,687**
NON-CURRENT ASSETS			
Property, plant and equipment	*6*	11,295	13,110
Intangible assets	*7*	92	141
Non-current financial assets	*8*	20,772	34,042
Other non-current assets	*9*	7,434	7,473
Total non-current assets		**39,593**	**54,766**
TOTAL ASSETS		**101,838**	**85,453**

LIABILITIES AND EQUITY

(in € thousands)	*Notes*	Dec. 31, 2021	Dec. 31, 2020
CURRENT LIABILITIES			
Trade payables		7,692	5,066
Current financial liabilities	*10*	1,395	1,426
Provisions for risks and expenses	*11*	48	511
Other current liabilities	*12*	5,454	6,626
Total current liabilities		**14,589**	**13,629**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	*10*	15,241	16,938
Employee benefits	*11*	3,958	4,060
Other non-current liabilities	*12*	841	110
Total non-current liabilities		**20,040**	**21,108**
Total liabilities		**34,629**	**34,737**
EQUITY			
Share capital	*14*	48,886	41,921
Share premiums and reserves		70,374	40,938
Retained earnings	*2*	(31,092)	(13,861)
Profit/(loss) for the period		(19,536)	(17,231)
Other comprehensive income/(loss)		(1,423)	(1,051)
Total equity attributable to the Company's shareholders		**67,209**	**50,716**
TOTAL LIABILITIES AND EQUITY		**101,838**	**85,453**

CONSOLIDATED INCOME STATEMENT, IFRS

(in € thousands, except for per-share data)	*Notes*	Dec. 31, 2021	Dec. 31, 2020
Revenue from collaborative and licensing agreements	*15*	9,993	2,981
Government financing for research expenditure	*15*	7,021	6,362
Other income	*15*	399	572
Operating income		**17,413**	**9,915**
Research and development expenses	*16*	(32,883)	(27,346)
General and administrative expenses	*16*	(7,369)	(6,547)
Other expenses	*16*	(686)	(15)
Operating expenses		**(40,938)**	**(33,908)**
Operating income/(loss)		**(23,525)**	**(23,993)**
Financial income/(loss)	*17*	3,989	6,762
Income/(loss) before tax		**(19,536)**	**(17,231)**
Income tax expense	*18*	-	-
NET INCOME/(LOSS)		**(19,536)**	**(17,231)**
Basic earnings per share *(in €)*	*14*	(0.21)	(0.21)
Diluted earnings per share *(in €)*	*14*	(0.20)	(0.21)

OTHER COMPONENTS OF COMPREHENSIVE INCOME, IFRS

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Net income/(loss)	**(19,536)**	**(17,231)**
Foreign exchange gains/(losses)	12	(7)
Revaluation of hedging instruments	61	70
Other elements of comprehensive income/(loss) subsequently restated as income	**73**	**63**
Actuarial gains/(losses) on employee benefit provision	(445)	(56)
Other elements of comprehensive income/(loss) subsequently non-recyclable as income, net of deferred taxes	**(445)**	**(56)**
Other comprehensive income/(loss)	**(372)**	**7**
NET COMPREHENSIVE INCOME/(LOSS)	**(19,908)**	**(17,224)**
Of which, attributable to parent company	(19,908)	(17,224)
Of which, non-controlling interests	-	-

CASH FLOW STATEMENT, IFRS

(in € thousands)	*Notes*	Dec. 31, 2021	Dec. 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Net income/(loss)		(19,536)	(17,231)
Cancellation of financial income/(loss)		(3,989)	(6,762)
Elimination of non-cash items			
Provisions		(1,031)	722
Depreciation and amortization	*6, 7, 8*	2,521	1,786
Share-based payments	*16*	3,002	1,744
Others		(112)	(320)
Net cash generated from/(used in) operating activities before change in working capital and other operating cash flow		**(19,145)**	**(20,061)**
CHANGE IN OPERATING WORKING CAPITAL REQUIREMENTS			
Current receivables and prepaid expenses	*23*	(7,745)	897
Research tax credit (RTC)/CICE	*15*	(7,027)	(6,352)
Other current assets	*5*	(242)	717
Trade payables	*23*	2,657	(2,057)
Prepaid income	*12*	(1,124)	(2,015)
Other current liabilities	*12*	683	129
Net cash used in operating activities		**(31,943)**	**(28,742)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisitions)/disposals of property, plant and equipment	*6*	(671)	(811)
(Acquisitions)/disposals of intangible assets	*7*	(15)	(41)
(Acquisitions)/disposals of non-consolidated equity securities	*8*	17,193	18,224
Other (acquisitions)/disposals	*8*	286	370
Net cash used in investing activities		**16,793**	**17,742**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net financial income/(loss) proceeds	*17*	(167)	(123)
Gross proceeds from the issuance of shares	*14*	34,129	-
Share issue costs		(787)	-
Conditional subsidies	*15*	603	655
(Acquisitions)/disposals of other financial assets	*3*	(22,582)	21,041
Net amounts received for financing of tax credits	*10*	6,050	6,288
Bank borrowing	*10*	(197)	(11,406)
Financial leases and change in lease obligations	*10*	(1,277)	(1,514)
Net cash generated from/(used in) financing activities		**15,772**	**14,941**
Exchange rate differences on cash and cash equivalents		12	(7)
Net increase/(decrease) in cash and cash equivalents		**634**	**3,934**
Cash and cash equivalents at beginning of period		5,277	1,343
Cash and cash equivalents at end of period		**5,911**	**5,277**
Investments in other current financial assets		43,658	21,077
CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS		**49,569**	**26,354**

STATEMENT OF CHANGES IN EQUITY, IFRS

(in € thousands)	Common shares							
	Number of shares	Share capital	Share premiums	Reserves	Retained earnings	Other comprehensive income/ (loss)	Net income/ (loss)	Total attributable to the Company's shareholders
As of December 31, 2019 published	**83,265,464**	**83,265**	**37,712**	**2,026**	**(37,444)**	**(1,058)**	**(18,804)**	**65,697**
Change of accounting method on retirement benefits provision	-	-	-		466	-		466
Adjusted position at January 1, 2020	**83,265,464**	**83,265**	**37,712**	**2,026**	**(36,978)**	**(1,058)**	**(18,804)**	**66,163**
Increase of share capital	-	-	-	-	-	-	-	-
Free share awards	575,870	576	(244)	(332)	-	-	-	-
Share-based payments	-	-	1,744	-	-	-	-	1,744
Share capital reduction	-	(41,921)	-	-	41,921	-	-	-
Liquidity contract	-	-	-	32	-	-	-	32
Income/(loss) for the previous period	-	-	-	-	(18,804)	-	18,804	-
Allocation of net income/(loss)	-	-	-	-	-	-	(17,231)	(17,231)
Foreign exchange gains/(losses)	-	-	-	-	-	(7)	-	(7)
Actuarial gains/(losses) on employee benefit provision	-	-	-	-	-	(56)	-	(56)
Interest rate swap	-	-	-	-	-	70	-	70
Net comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**7**	**(17,231)**	**(17,224)**
Adjusted position at December 31, 2020	**83,841,334**	**41,921**	**39,212**	**1,726**	**(13,861)**	**(1,051)**	**(17,231)**	**50,716**
Increase of share capital	13,930,000	6,965	26,377	-	-	-	-	33,342
Free share awards	-	-	(1,150)	1,150	-	-	-	-
Share-based payments	-	-	3,002	-	-	-	-	3,002
Liquidity contract	-	-	-	57	-	-	-	57
Income/(loss) for the previous period	-	-	-	-	(17,231)	-	17,231	-
Allocation of net income/(loss)	-	-	-	-	-	-	(19,536)	(19,536)
Foreign exchange gains/(losses)	-	-	-	-	-	12	-	12
Actuarial gains/(losses) on employee benefit provision	-	-	-	-	-	(445)	-	(445)
Interest rate swap	-	-	-	-	-	61	-	61
Net comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**(372)**	**(19,536)**	**(19,908)**
AS OF DECEMBER 31, 2021	**97,771,334**	**48,886**	**67,441**	**2,933**	**(31,092)**	**(1,423)**	**(19,536)**	**67,209**

5.1.2 Notes to the consolidated financial statements (in € thousands, unless otherwise indicated)

Foreword

The consolidated financial statements of Transgene (the "Company") at December 31, 2021, were prepared in accordance with the principles and methods defined by IFRS (International Financial Reporting Standard) as adopted by the European Union. They were approved by the Board of Directors on March 16, 2022.

Transgene is a biotechnology company that designs and develops targeted immunotherapy products against cancers.

Transgene is fully consolidated in Compagnie Mérieux Alliance (17 rue Bourgelat, 69002 Lyon, France).

The consolidated financial statements include:

- the balance sheet and statement of comprehensive income (including the income statement);
- the cash flow statement;
- the statement of changes in equity; and
- the notes to the financial statements.

NOTE 1 ACCOUNTING PRINCIPLES

Accounting standards

The accounting principles used to prepare the consolidated financial statements are in accordance with IFRS standards and interpretations as adopted by the European Union as of December 31, 2021.

NEW STANDARDS/AMENDMENTS APPLICABLE FOR FISCAL YEARS STARTING ON OR AFTER JANUARY 1, 2021, IN EUROPE

Standard/Interpretation	Date of application per IASB (fiscal years beginning on or after)	Date of expected European Union application (at the latest for the fiscal years beginning on or after)
Amendments to IFRS 4: Extension of the temporary exemption from the application of IFRS 9	01/01/2021	01/01/2021
Amendments to IFRS 9, IAS 39, IFRS 37, IFRS 4 and IFRS 16 interest rate benchmark reform, phase 2	01/01/2021	01/01/2021
Amendments to IFRS 16 on rent concessions applicable to rent concessions obtained after June 30	01/01/2021	01/01/2021

These amendments and decisions had no impact on the Company's financial statements as of December 31, 2021.

In addition, the decisions issued by IFRIC in 2021 had no impact on the Company's financial statements, with the exception of the decision relating to the allocation of benefits to periods of service rendered by the beneficiaries of post-employment benefit plans (Note 2).

OTHER STANDARDS/AMENDMENTS PUBLISHED AT DECEMBER 31, 2021

Standard/Interpretation	Date of application per IASB (fiscal years beginning on or after)	Date of EU application (at the latest for the fiscal years beginning on or after)
Amendments to IAS 16: Revenue recognition prior to the commencement of operations	01/01/2022	01/01/2022
Amendments to IAS 37: Loss-making contracts	01/01/2022	01/01/2022
Amendments to IFRS 3: Reference to the Conceptual Framework	01/01/2022	01/01/2022
Annual improvements to the standards 2018 - 2020 cycle	01/01/2022	01/01/2022
Amendments to IAS 1: Presentation of Financial Statements and Disclosures on Accounting Principles and Methods	01/01/2023	01/01/2023
Amendment to IAS 8: Definition of an accounting estimate	01/01/2023	01/01/2023
Amendment to IFRS 10 and IAS 28	01/01/2023	01/01/2023
Amendment to IAS 12: Deferred taxes related to assets and liabilities arising from a single transaction	01/01/2023	01/01/2023
IFRS 14: Regulatory Deferral Accounts	01/01/2023	01/01/2023
IFRS 17: Insurance Contracts incorporating Amendments	01/01/2023	01/01/2023

The Company does not expect the application of these standards to have a significant impact. There are no standards, amendments and interpretations published by the IASB whose application is mandatory for fiscal years beginning on or after January 1, 2021, that have not yet been approved at the European level (and whose early application is not possible at the European level) that would have a significant impact on the consolidated financial statements.

Basis of preparation of financial statements

The consolidated financial statements were prepared in accordance with the general IFRS principles: fair presentation, going concern, accrual basis of accounting, consistency of presentation, and materiality.

In view of the capital increase carried out in June 2021, the Company's cash, cash equivalents and other current financial assets, the going concern principle was retained. The Company has financial visibility until the end of 2023.

Transgene's management made estimates and assumptions in preparing the financial statements in accordance with IFRS, which may have an impact on the assets and liabilities, and the reported amounts of income and expenses for the financial period. Actual results may be significantly different from these estimates.

The principal assumptions and estimates that could impact the Company's financial statements are:

- the valuation of the non-consolidated equity securities of Tasly BioPharmaceuticals (Note 8);
- conditional advances for the ADNA program (Note 10);
- the collaboration agreement signed with AstraZeneca (Note 15).

In view of the Group's business, management considers that the fixed assets form part of a single cash-generating unit. At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. In the presence of such a presumption, or when annual impairment testing is required for an asset, the Company makes an estimate of the recoverable amount of the asset. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined on an individual basis unless the asset generates cash inflows that are largely dependent on other assets or groups of assets. An impairment is recognized when the asset's carrying amount is higher than its recoverable amount. Its carrying amount is then written down to its recoverable amount. The value in use corresponds to the estimated future cash flows, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Spread of the Covid-19 coronavirus

The Covid-19 pandemic has had a moderate impact on Transgene's activities in 2021. As of the date of this document, this has mainly impacted clinical studies that have been delayed due to the slowdown in patient recruitment or the length of time taken by the regulatory authorities to authorize the launch or the amendment of clinical studies, particularly in 2020.

If containment and global spread were to continue, the impact of the disease and the containment measures adopted by governments and the civil society could cause dysfunction in the supply and shipping chain on which the Company depends, lack of visibility in the scientific community due to the cancelation of international conferences, disorganization of the clinical sites participating in its clinical studies, delay or inability to produce its drug candidates, or even temporary closure of our establishments. As of today, the Company cannot be assured that it would be possible to implement its clinical study program under the conditions and within the time frame initially planned, if one or more of these risks should materialize. The occurrence of these risks would also have a downward impact on the Company's anticipated level of expenses, as well as on expected revenues from collaborations. This financial impact is difficult to quantify precisely at the date of this document.

Basis of consolidation

The consolidated financial statements include the financial statements of Transgene, Transgene, Inc. and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. ("Transgene Shanghai"), wholly owned subsidiaries whose registered offices are located in Boston, Massachusetts (United States) and Shanghai (China) respectively. These companies are fully consolidated. Intragroup balances and transactions are eliminated in consolidation, together with intragroup profits included in the carrying amount of assets.

Presentation of the consolidated income statement

The consolidated income statement is presented by function: research and development expenses and general and administrative expenses (Notes 15 to 17).

Account conversions of foreign subsidiaries

The currency used by the Company for the preparation of the consolidated financial statements is the euro.

The financial statements of Transgene, Inc. are prepared in US dollars.

The financial statements of Transgene Shanghai are prepared in yuan.

The balance sheets of Transgene, Inc. and Transgene Shanghai have been converted into euros using the exchange rate at the reporting date and in the income statement using the exchange rate of the month of accounting. Differences arising from conversion are recognized in equity.

Foreign currency transactions

In accordance with IAS 21 "Effects of changes in foreign exchange rates", transactions carried out in a foreign currency are translated at the exchange rate on the transaction date. Exchange rate differences resulting from differences between the transaction recording date and the payment date are recognized under the corresponding headings in the income statement (sales and purchases in the case of commercial transactions). Debts and receivables denominated in foreign currencies are translated at the closing rate of December 31, 2021, with the resulting translation difference recognized in profit or loss at the end of the fiscal year.

At the reporting date, foreign currency cash and cash equivalents, receivables and payables are converted into euros at the exchange rate on the reporting date. The resulting translation differences are recognized in the income statement.

Transgene did not use any currency hedging instruments in 2020 and 2021.

Current assets

Cash and cash equivalents

Transgene's cash reserves are invested mainly in low volatility and highly liquid, highly rated mutual funds (net asset value known daily). They are classified as available-for-sale financial assets and valued at their fair value under equity because these investments correspond either to bank accounts or to very short-term investments that do not present any risk of changes in value.

Receivables

Trade receivables are recognized at amortized cost, which corresponds to their nominal value. All trade receivables are impaired when they are recorded, in the amount of losses expected at maturity.

Other current financial assets

These are cash investments with the Institut Mérieux, the principal shareholder of Transgene, under a "Group" cash management agreement. Contractually, investments made by the Company as part of the centralized cash management are liquid within a maximum period of four business days and bear interest based on a rate equal to Euribor +0.25% when Institut Mérieux is in a net borrowing position at the Group level and to Euribor when Institut Mérieux is in a net surplus at the Group level.

Other current assets

Prepaid expenses are measured at their nominal value, and the other current assets are initially recognized at cost and are subsequently measured at the lower of cost and net realizable value.

Non-current assets

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with the benchmark treatment under IAS 16.

Straight-line amortization is recognized based on the useful life of the asset by the Company, using the following periods:

Type of asset	Period of depreciation
Buildings	20-50 years
Fixtures and fittings	10-20 years
Machinery and equipment (machinery and laboratory equipment)	5-15 years
Office equipment and furniture	5-10 years
IT equipment	3-5 years

Fixed asset elements and their residual value are accounted for in the depreciation if the value thereof is deemed significant.

Property, plant and equipment are tested for impairment whenever there is an indication that their recoverable amount may be less than their carrying amount.

Intangible assets

Straight-line amortization is recognized based on the useful life of the asset by the Company, using the following periods:

Type of intangible asset	Period of depreciation
Computer software and licenses	1-5 years
Patents acquired	5 years

Purchased intangible assets

Intangible assets consist of the acquisition costs of software and intellectual property licenses that are capitalized and amortized over their useful lives. The elements of intellectual property acquired are recognized as assets in accordance with IAS 38.

Internally developed intangible assets

Research expenses are expensed in the income statement in the period in which they are incurred.

Development costs incurred for the development of pharmaceutical products are capitalized when the requirements of IAS 38 are met. Given the nature of its products, the Company believes that the six criteria set out in IAS 38 "Intangible assets" are deemed to be met only at the time of the filing of an application for market authorization. The development expenses capitalized will be appropriately amortized over their useful life. No Company product received a marketing authorization in 2021.

Patents and licenses acquired in connection with internal R&D projects are also recognized according to an identical principle. They are recognized as an expense during the research phase and are capitalized during the development phase when IAS 38 criteria are met.

Financial assets

Financial assets consist of:

- deposits and guarantees for leased assets;
- guarantee deposits related to the sales of receivables to, or financing of receivables by, a financial institution;
- earn-outs due on the sale of equity securities;
- non-consolidated equity securities without significant influence.

The valuation of non-consolidated investments without significant influence is based on an analysis using the fair value method. This valuation is periodically reviewed at each reporting date. Any impact resulting from this periodic valuation is recognized in the income statement.

Earn-outs due are valued at amortized cost and revalued each year based on expected changes in cash flow. Future cash flows are re-estimated and discounted each year-end based on the progress of the programs concerned and estimated success rates for each clinical phase. The impact of this re-estimate is recognized in financial income/loss.

Other financial assets are recorded at cost and depreciated, as needed, if their carrying value exceeds their recoverable amount as estimated by the Company.

Deferred taxes

Transgene uses the balance sheet method for recognizing deferred taxes. Using this method, deferred taxes are calculated on the basis of the temporary differences between the tax values and the carrying amount of assets and liabilities presented in the balance sheet.

Deferred taxes are evaluated using the liability method, on the basis of the tax provisions and tax rates applied when these differences invert.

Deferred tax assets are recognized for all deductible temporary differences, as well as for unused tax loss carry-forwards, carryback credits and other tax credits when it is probable that sufficient taxable profit shall be available against which the unused tax losses or unused tax credits can be used. Their posting is limited to the amount of deferred tax liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each period end and reduced to the extent that it is no longer probable that a taxable profit will be available to allow the deferred tax asset to be used. To assess the likelihood that taxable income will be available, consideration was given to the history of the results of previous years, forecasts of future results, non-recurring items not likely to recur in the future and the entity's fiscal policy. As a result, assessing the probability that unused tax losses or tax credits can be used involves a degree of judgment on the part of management.

Deferred taxes on items recognized directly in equity are also recorded in equity without affecting the income statement.

Current liabilities

Provisions for risks and expenses

Provisions are recorded to cover contingencies and charges arising in the course of our business.

Non-current liabilities

Conditional advances

Conditional advances are only reimbursed if the research and development projects that they finance are successful, according to criteria set out in advance with the financing body. They are recognized under long-term financial debt in accordance with IAS20.

Conditional advances received as part of the ADNA program are recorded according to IRFS 9, based on discounted expected future reimbursements. The reimbursement of advances is subject to the fulfillment of a revenue threshold on TG4001 predetermined for the following five years, and in proportion to the revenue from this product until a reimbursement ceiling is reached, or up until 2035.

The Company evaluates at each closing date the direct and indirect revenue linked to the product to estimate future cash flows from the reimbursement of advances. These revenues are evaluated based on an updated business plan for this product and by a applying a comparable rate for this type of debt. The impact of this regular re-estimate is recorded in Net financial costs at the end of the fiscal year.

The main assumptions reviewed in the product business plan are as follows:

- schedule for the development and marketing of the product;
- probability of success of the clinical phases;
- targeted market and market penetration rate, treatment price;
- schedule and financial terms of a development and marketing partnership (payment on signature, payment based on milestones, royalties); and
- discounted cash flow rate.

Conditional advances received as part of the NEOVIVA program are recognized according to IRFS 9, based on discounted expected future reimbursements.

Employee benefits

In accordance with the prevailing laws and practices in France, Transgene offers certain benefits to ensure eligible employees receive a lump sum payment at the time of retirement (lump-sum retirement benefits). The Group's obligation under these defined benefit plans may be funded by plan assets consisting of various instruments, in line with the relevant government regulations.

The rights acquired by active staff are estimated using actuarial valuations based on the probability of death and continued employment by the Company, as well as expected future salaries. Commitments are valued using the projected credit unit method. The value of the commitments was calculated using the new valuation method recommended by the IFRIC in its April 2021 decision on the allocation of service costs associated with a defined benefit plan.

Equity

Share issue costs

Capital increase expenses net of deferred tax where applicable are charged directly against the issuance premium, once the increase is completed.

Liquidity contract

The Company has access to a liquidity contract with a bank partner, making €500 thousand available. At closing date, treasury shares are restated as a deduction from equity. The profit/(loss) from the purchase and sale of treasury shares is transferred from income to equity, net of tax.

Operating income

Revenue from collaborative and licensing agreements

Revenue is recognized in accordance with IFRS 15. Under IFRS 15, revenue is recognized when the Company fulfills a performance obligation by supplying distinct goods or services (or a series of goods or services) to a client, *i.e.* when the client obtains control of these goods or these services. An asset is transferred when the client obtains control of this asset (or service).

Given the wide range of research and development opportunities in the therapeutic field, in addition to the fields in which the Company carries out research and development activities with its own scientific and financial resources, the Company concludes license and partnership agreements with third parties in certain specific fields that generate revenue. Consequently, each contract is analyzed, case by case, to determine whether it contains performance obligations towards the other party and, if so, to identify their nature in order to determine the appropriate accounting of the amounts that the Company received or is entitled to receive from the other party, according to the principles of IFRS 15. For example:

- development services provided by the Company to create or improve intellectual property controlled by the client, for which revenue is progressively recognized, as and when the services are provided;
- transfer of control of the Company's intellectual property as it exists at the moment of sale, for which revenue is recognized at the time control is transferred;
- a license:
  - if it is considered to be a right to access the Company's intellectual property over the lifetime of the license, the revenue is recognized over this lifetime, or
  - if it is a right to use the intellectual property of the Company as it exists at the time of sale (in terms of form and functionality), revenue is recognized when the other party is able to use and benefit from the license.

Potential revenue from attainment of project milestones or royalties on sales is not recognized prior to reaching the milestone or the completion of the sale.

Government financing for research expenditure

Research tax credit (RTC)

Certain research and development expenses in France are entitled to a research tax credit recognized at the end of the year in which the expense was recorded and the tax credit claimed. If it has not been used by allocation to a tax charge, the tax credit may be redeemed in accordance with the tax provisions.

Research tax credits are recognized in the income statement under Government grants in accordance with IAS 20.

Research and development grants

Transgene receives government subsidies from local, national or regional bodies that cover all or part of the research and development on specific projects or topics. This assistance can take the form of subsidies or conditional advances.

Regarding subsidies, the Company recognizes on the income statement at the line Public financing of research expenses the portion of subsidies due under the agreements based on the percentage of expenses incurred as of the reporting date.

Research and development expenses

Research expenses are expensed in the income statement in the period in which they are incurred.

Development costs will be capitalized only when the requirements of IAS 38 are met.

The Company co-develops certain products with partners, including BioInvent and NEC. As such, the companies re-invoice their respective contributions to the project concerned, according to contractual terms. The Company recognizes these re-invoiced revenues/expenses as a reduction/increase in its research and development expenses, in accordance with IFRS 11.

Share-based payments

The Company has share-based compensation plans giving rise to equity instruments (stock options or free share grants). The fair value of services provided by directors and employees in exchange for the grant of these instruments is recognized in expenses with an offsetting entry in equity. The total recognized in expenses for the vesting period is determined relative to the fair value of the stock options or the bonus shares on the allocation date. The amount of the expense is measured based on the estimated number of employees that will meet the vesting conditions under the terms of the plan.

Earnings per share

Basic earnings per share are obtained by dividing the net income attributable to Company shareholders by the average weighted number of shares outstanding during the corresponding period (less shares intended to be awarded to employees as part of free share plans and treasury shares destined for stock market adjustment purposes).

Diluted earnings per share are obtained from the number of shares defined in basic earnings plus the weighted average number of potential shares to be issued and which would have a dilutive effect on earnings.

Contribution to Value Added Enterprises (CVAE)

The CVAE is recorded, if any, in operating expenses under General and administrative expenses.

NOTE 2 APPLICATION OF THE IFRIC POSITION OF MAY 2021 RELATING TO THE ALLOCATION OF THE COST OF SERVICES ASSOCIATED WITH A DEFINED BENEFIT PLAN

In May 2021, the IFRS Interpretation Committee (IRFS IC) published in the IFRIC Update a decision on the methods for distributing the cost of post-employment benefit plans over time, presenting the following features:

- The definitive vesting of benefits is subject to continued employment with the Company until retirement age;
- The amount of benefits depends on length of service; and
- The amount is capped at a certain number of consecutive years of service.

This decision is effective as of December 31, 2021. As this is a change in method to be applied retrospectively in accordance with IAS 8, the impact of first-time application must be recognized in equity at the beginning of the period, i.e. on January 1, 2020. This change in method had no impact on the income statement.

Financial information published on January 1 and December 31, 2020 are amended as follows:

CONSOLIDATED BALANCE SHEET, IFRS AT JANUARY 1, 2020

(in € thousands)	Dec. 31, 2019	IFRIC impact	Jan. 1, 2020 IFRIC
NON-CURRENT LIABILITIES			
Of which Employee benefits	4,427	(466)	3,961
Total non-current liabilities	**31,134**	**(466)**	**30,668**
Total liabilities	**49,780**	**(466)**	**49,314**
EQUITY			
Of which Retained earnings	(37,444)	466	(36,978)
Total equity attributable to the Company's shareholders	**65,697**	**466**	**66,163**
TOTAL LIABILITIES AND EQUITY	**115,477**	**-**	**115,477**

CONSOLIDATED BALANCE SHEET, IFRS AT DECEMBER 31, 2020

(in € thousands)	Dec. 31, 2020	IFRIC impact	Dec. 31, 2020 IFRIC
NON-CURRENT LIABILITIES			
Of which Employee benefits	4,526	(466)	4,060
Total non-current liabilities	**21,574**	**(466)**	**21,108**
Total liabilities	**35,203**	**(466)**	**34,737**
EQUITY			
Of which Retained earnings	(14,327)	466	(13,861)
Total equity attributable to the Company's shareholders	**50,250**	**466**	**50,716**
TOTAL LIABILITIES AND EQUITY	**85,453**	**-**	**85,453**

NOTE 3 CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Cash	5,903	5,269
Cash equivalents	8	8
Cash and cash equivalents	**5,911**	**5,277**
Other current financial assets	**43,658**	**21,077**
TOTAL CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	**49,569**	**26,354**
Impact of applying the fair value recognized in financial income to the income statement	-	-

Cash equivalents consist of a time deposit account.

Other current financial assets consist of investments made through a cash pool set up by the Institut Mérieux group.

NOTE 4 TRADE RECEIVABLES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Total gross	10,133	1,667
Provisions for impairment	-	-
NET TOTAL TRADE RECEIVABLES	**10,133**	**1,667**

As of December 31, 2021, trade receivables mainly concern AstraZeneca receivables for an amount of €8,091 thousand, of which €7,063 thousand related to the exercise of the license option in December 2021 for an oncolytic virus developed by Transgene.

Trade receivables also include receivables from our co-development partners NEC for €1,322 thousand and BioInvent for €504 thousand at December 31, 2021.

NOTE 5 OTHER CURRENT ASSETS

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Research tax credits, current portion	109	133
State-recoverable VAT and tax receivables	758	388
Accrued credit notes	48	14
Employee benefits expense	33	29
Grant receivable	24	49
Prepaid expenses, current portion	1,380	1,908
Other current receivables	191	145
TOTAL OTHER CURRENT ASSETS	**2,543**	**2,666**

Prepaid expenses are primarily related to manufacturing contracts with ABL Europe. Contracts are signed several months prior to manufacturing in order to guarantee the production date. The batches produced are then released by the Responsible Pharmacist some months after their production following quality control. Transfer of property takes place when the batch is released.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	Dec. 31, 2020	Increase	Decrease	Dec. 31, 2021
GROSS CARRYING AMOUNT				
Land	1,771	-	-	1,771
Buildings and fixtures	17,285	187	-	17,472
Right-of-use	205	-	-	205
Laboratory equipment	11,997	340	(211)	12,126
Office and computer equipment	1,651	81	(58)	1,674
Assets in progress	65	405	(368)	102
Total gross carrying amount of property, plant and equipment	**32,974**	**1,013**	**(637)**	**33,350**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Buildings and fixtures	(10,519)	(831)	-	(11,350)
Right-of-use	(124)	(68)	-	(192)
Laboratory equipment	(7,745)	(1,489)	210	(9,024)
Office and computer equipment	(1,476)	(70)	57	(1,489)
Total depreciation, amortization and impairment	**(19,864)**	**(2,458)**	**267**	**(22,055)**
NET BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT	**13,110**	**(1,445)**	**(370)**	**11,295**

(in € thousands)	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
GROSS CARRYING AMOUNT				
Land	1,771	-	-	1,771
Buildings and fixtures	16,385	900	-	17,285
Right-of-use	205	-	-	205
Laboratory equipment	10,856	1,318	(177)	11,997
Office and computer equipment	1,655	84	(88)	1,651
Assets in progress	793	-	(728)	65
Total gross carrying amount of property, plant and equipment	**31,665**	**2,302**	**(993)**	**32,974**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Buildings and fixtures	(9,734)	(785)	-	(10,519)
Right-of-use	(55)	(69)	-	(124)
Laboratory equipment	(7,088)	(819)	162	(7,745)
Office and computer equipment	(1,505)	(59)	88	(1,476)
Total depreciation, amortization and impairment	**(18,382)**	**(1,732)**	**250**	**(19,864)**
NET BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT	**13,283**	**570**	**(743)**	**13,110**

As of December 31, 2021, the Company has fully depreciated the equipment acquired in 2015 and on the Genzyme Polyclonals site for an amount of €682 thousand, given the prospects for using the equipment.

The depreciation expense for the property, plant and equipment reported in Transgene's income statement breaks down as follows:

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Research and development expenses	1,726	1,687
General and administrative expenses	50	45
Other Expenses	682	-
TOTAL DEPRECIATION EXPENSES FOR PROPERTY, PLANT AND EQUIPMENT	**2,458**	**1,732**

NOTE 7 INTANGIBLE ASSETS

(in € thousands)	Dec. 31, 2020	Increase	Decrease	Dec. 31, 2021
GROSS CARRYING AMOUNT				
Intangible assets	3,096	24	(3)	3,117
Intangible assets in progress	9	1	(10)	-
Total gross carrying amount of intangible assets	**3,105**	**25**	**(13)**	**3,117**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Intangible assets	(2,964)	(66)	5	(3,025)
Total depreciation, amortization and impairment	**(2,964)**	**(66)**	**5**	**(3,025)**
NET BOOK VALUE OF INTANGIBLE ASSETS	**141**	**(41)**	**(8)**	**92**

(in € thousands)	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
GROSS CARRYING AMOUNT				
Intangible assets	4,277	32	(1,213)	3,096
Intangible assets in progress	-	9	-	9
Total gross carrying amount of intangible assets	**4,277**	**41**	**(1,213)**	**3,105**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Intangible assets	(4,130)	(47)	1,213	(2,964)
Total depreciation, amortization and impairment	**(4,130)**	**(47)**	**1,213**	**(2,964)**
NET BOOK VALUE OF INTANGIBLE ASSETS	**147**	**(6)**	**-**	**141**

The depreciation expense for the intangible assets reported in Transgene's income statement breaks down as follows:

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Research and development expenses	12	23
General and administrative expenses	39	11
TOTAL DEPRECIATION EXPENSES FOR INTANGIBLE ASSETS	**51**	**34**

NOTE 8 NON-CURRENT FINANCIAL ASSETS

NON-CURRENT FINANCIAL ASSETS

(in € thousands)	Dec. 31, 2020	Increase	Change in fair value through the income statement	Decrease	Dec. 31, 2021
FAIR VALUE					
Non-consolidated equity securities without significant influence:	**32,507**	**-**	**3,897**	**(17,259)**	**19,145**
▪ Tasly BioPharmaceuticals	32,339	-	3,855	(17,259)	18,935
▪ Vaxxel SAS	168	-	42	-	210
Other financial assets	**1,535**	**380**	**-**	**(288)**	**1,627**
FAIR VALUE	**34,042**	**380**	**3,897**	**(17,547)**	**20,772**

(in € thousands)	Dec. 31, 2019	Increase	Change in fair value through the income statement	Decrease	Dec. 31, 2020
FAIR VALUE					
Non-consolidated equity securities without significant influence:	**41,458**	**118**	**10,005**	**(19,074)**	**32,507**
▪ Tasly BioPharmaceuticals	41,458	-	9,646	(18,765)	32,339
▪ Vaxxel SAS	-	118	50	-	168
▪ ElsaLys Biotech SA	-	-	309	(309)	-
Other financial assets	**1,473**	**403**	**-**	**(341)**	**1,535**
FAIR VALUE	**42,931**	**521**	**10,005**	**(19,415)**	**34,042**

NON-CONSOLIDATED EQUITY SECURITIES WITHOUT SIGNIFICANT INFLUENCE

Tasly BioPharmaceuticals

The €18,935 thousand of non-consolidated equity securities without significant influence refer to the shares in Tasly BioPharmaceuticals obtained in July 2018 in exchange for the rights held in the Transgene Tasly (Tianjin) BioPharmaceutical Co. Ltd. joint venture and the rights to the product TG1050 for Greater China.

On September 22, 2021, the Company sold 49% of the shares it held, resulting in a reduction of €17,259 thousand. The remaining shares were valued at the price of this recent transaction, resulting in an increase of €2,442 thousand. Transgene holds 8.7 million shares of Tasly BioPharmaceuticals, *i.e.* 0.8% of its capital, valued at approximately ¥136 million or €18,935 thousand.

As a result of this transaction, the shareholders' agreement was amended in December 2021. This new agreement now provides that the commitment to buy back Transgene's shares by a holding company of the Tasly Group will be triggered in the absence of an IPO of Tasly Biopharmaceuticals by September 30, 2022.

These securities were valued at fair value with an offsetting entry in the income statement at the reporting date. As of December 31, 2021, the Company does not intend to dispose of Talsy BioPharmaceuticals shares in the short term, due to its ongoing IPO process. Once the IPO is completed, the Company will not be able to sell the shares held during a one-year post-IPO holding period.

In order to corroborate the fair value of the shares as of December 31, 2021 against the sale price recorded at the time of the September 2021 sale transaction and to ensure that this price remains representative of the fair value of the shares as of December 31, 2021, an independent consulting firm has reviewed and updated the model used, as well as the assumptions as of the closing date, on the basis of the elements related to the September 2021 transaction and the information provided by Tasly BioPharmaceuticals, including the financial statements as of December 31, 2020. This independent analysis confirms the appropriateness of the fair value retained at December 31, 2021.

The main assumptions used by management in measuring fair value as at December 31, 2021, were based on the assumptions obtained from Tasly BioPharmaceuticals and concern:

- the estimate of the future cash flows that will be generated by the companies held and notably by the products being developed;
- the probable technical success of the products being developed and their approval by the regulatory authorities;
- the market potential for these products being developed;
- the value of the shares in accordance with the latest capital transactions;
- the discount rate used by management.

The valuation of these securities is directly impacted by the fluctuation of the euro/yuan parity. A 10% rise in the yuan would increase the value of the securities by 11%. A 10% fall in the yuan would decrease it by 9%.

Vaxxel SAS

In 2020, in exchange for the rights to the DuckCelt®-T17 cell line, the Company acquired 10% of the share capital of Vaxxel SAS at the time of the transaction. A refinancing transaction carried out by Vaxxel SAS in April 2021 led the Company to revalue its securities based on the valuation implied by this operation, leading to an increase in the equity investment valuation of €42 thousand. This price corresponds to the market price. The Company could also receive earn-outs of up to €4 million. As of December 31, 2021, the realization of the earn-outs is considered uncertain and distant. As a result, no earnout is recognized in the financial statements.

Other financial assets

The increase in other financial assets in 2021 was primarily due to the holdback with respect to the use of the 2020 research tax credit in the amount of €318 thousand.

The decrease in other financial assets relates mainly to repayment of the holdback to guarantee the bank financing of the 2017 research tax credit in the amount of €270 thousand.

NOTE 9 OTHER NON-CURRENT ASSETS

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
RTC, non-current portion	7,027	6,352
Tax credit for Competitiveness and Employment (CICE), non-current portion	-	109
Other receivables, non-current portion	-	276
Prepaid expenses, non-current portion	276	383
Other non-current assets	131	353
TOTAL OTHER NON-CURRENT ASSETS	**7,434**	**7,473**

Research tax credits and CICE

At December 31, 2021, the Company had a receivable of €7,027 thousand for the 2021 Research tax credit (RTC) and a receivable of €109 thousand in respect of the competitiveness and employment tax credit from 2018 (current portion). These receivables can be used to offset income tax payments. If they are not used, they may be repaid in cash according to the following schedule, in accordance with current tax rules (in € thousands). Given the absence of taxable income, these receivables are reimbursed after a period of three years by the French tax authorities. The Company has signed an agreement with a credit institution for the assignment of research tax credits for each of its 2018, 2019 and 2020 research tax credits, and no longer has any receivables from the French State. The Company has thus received €5,500, €6,288 and €6,034 thousand respectively for the 2018, 2019 and 2020 research tax credits (representing 95% financing). As this type of contract is deconsolidating, no liability is recognized in respect of this financing received. However, the Company remains liable for the amounts declared in the event of a tax audit. Tax credit for CICE financing is not deconsolidating. The Company retains its receivable from the State.

Reference year	Year of expected reimbursement	Bank financing	Dec. 31, 2021	Dec. 31, 2020
RTC, NON-CURRENT PORTION				
2020	2024	Yes	-	6,352
2021	2025	No	7,027	-
Total non-current portion			**7,027**	**6,352**
TOTAL RTC			**7,027**	**6,352**
CICE, CURRENT PORTION				
2017	2021	Yes	-	133
2018	2022	Yes	109	-
Total current portion			**109**	**133**
CICE, NON-CURRENT PORTION				
2018	2022	Yes	-	109
Total non-current portion			**-**	**109**
TOTAL CICE			**109**	**242**

Receivables from the sale of equity investments

ElsaLys Biotech SA

In 2020, the sale agreement of ElsaLys Biotech SA shares, earnouts relating to future income from patent licenses and from a product for which the rights are held by ElsaLys Biotech SA were agreed upon.

As of December 31, 2021, ElsaLys has not sold the patent rights, and the revenue from the product concerned by the agreement does not generate a sufficient level of revenue for the Company to recognize an earn-out.

NOTE 10 FINANCIAL LIABILITIES

The following table breaks down financial liabilities by maturity:

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities, current portion	1,395	1,426
Financial liabilities, non-current portion	15,241	16,938
FINANCIAL LIABILITIES	**16,636**	**18,364**

As of December 31, 2021, the main financial liabilities concern property financial lease (head office and main research and development laboratories) and conditional advances received by Bpifrance under the ADNA and NEOVIVA subsidized programs.

FINANCIAL LIABILITIES, CURRENT PORTION

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Property leasing	947	894
Equipment leasing	314	313
Lease obligation	20	56
Financing of CICE	114	118
Interest on bank loan	-	45
FINANCIAL LIABILITIES, CURRENT PORTION	**1,395**	**1,426**

FINANCIAL LIABILITIES, NON-CURRENT PORTION

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Property leasing	2,098	3,045
Equipment leasing	351	665
Lease obligation	-	33
Interest rate swap	51	112
Conditional advances	12,741	12,969
Financing of CICE	-	114
FINANCIAL LIABILITIES, NON-CURRENT PORTION	**15,241**	**16,938**

Natixis credit facility

In April 2019, the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down on one or more occasions. Transgene was to pledge the shares held in Tasly BioPharmaceuticals. An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following the partial disposal of Tasly BioPharmaceuticals shares in July 2020.

Following the second disposal of Tasly BioPharmaceuticals shares in September 2021, the credit facility was fully canceled, in accordance with the terms of the contract

The Company had not drawn down on this credit facility.

Property leasing

In December 2008, Transgene invested in a building housing labs and offices on the Illkirch-Graffenstaden site, in the suburbs of Strasbourg. Land and construction costs for the 6,900 sq.m. building totaled €15.6 million. This investment was financed by a 15-year finance lease, signed with a banking consortium in October 2007, with a residual value of €1.1 million. The first lease payment was made on January 1, 2009.

The balance of the principal amount at December 31, 2021, was €3,045 thousand, compared to €3,939 thousand at December 31, 2020. The following table shows the breakdown of this debt, based on the maturity, financial costs and present value of individual payments:

	Dec. 31, 2021		Dec. 31, 2020	
	Minimum payments	Present value of the payments	Minimum payments	Present value of the payments
Due within one year	978	967	935	930
Due in one to five years	2,116	2,072	3,095	3,039
More than five years	-	-	-	-
Total future minimum lease payments	3,094	3,039	4,030	3,969
Finance costs included in the total	48	48	90	89
Outstanding principal:	3,045	2,992	3,939	3,880
of which current	947	937	894	889
of which non-current	2,098	2,054	3,045	2,991

Equipment leasing

Transgene has acquired various pieces of laboratory equipment under financial leases. At December 31, 2021, the Company owned two pieces of leased equipment. The outstanding financial obligation under this financial lease totaled €665 thousand at December 31, 2021.

Conditional advances

ADNA

At December 31, 2021, conditional advances referred to repayable advances received under the ADNA program, which receives public financing from Bpifrance to develop the TG4010 and TG4001 products. This program ended on December 31, 2016. Transgene received a total of €15,942 thousand of conditional advances under this program.

As at December 31, 2021, the liability consisting of conditional advances in the Company's balance sheet amounts to €11,645 thousand. At each closing, the Company re-values its repayable advances received under the ADNA program based on the discounted expected future reimbursements as described in Note 1 to the Annual financial statements.

Repayment of these advances is conditional on reaching a certain revenue threshold with TG4001 and will be made in a fixed and predetermined amount during the following five years, then in proportion to the revenues of this product until a repayment ceiling is reached or in 2035. The expected future reimbursement flows are therefore estimated on the basis of an evaluation of the future direct and indirect revenues associated with TG4001 during its development. Other assumptions taken into account by Management in the valuation of the reimbursable advance liability include:

- the schedule for the development and marketing of the product;
- the probability of success of the clinical phases;
- the target market, the penetration rate and the treatment price;
- the schedule and financial terms of a development and marketing partnership (payment on signature, payment based on milestones, royalties); and
- the discounted cash flow rate.

At December 31, 2021, the discount rate used was 7.5%.

A sensitivity analysis on:

- the signature schedule linked to a potential partnership shows that a delay of one year in the trigger threshold for the fixed repayment provided for in the contract would have a downward impact of €1.5 million on the value of the ADNA payable. Conversely, a one-year advance in this schedule would have an upward impact on this payable of €1.6 million;
- the financial terms associated with a potential partnership show that a 10% increase in the partnership budget would not impact the value of the payable. A 10% decrease in this envelope would have a downward impact of €1.5 million on the liability;
- a 1% decrease in the discount rate would increase the payable by €1.3 million and a 1% increase in the discount rate would decrease the payable by €1.1 million.

NEOVIVA

Under the NEOVIVA program, signed in March 2019, Transgene could receive conditional advances of €2.4 million.

At December 31, 2021, the Company had received €1,495 thousand in conditional advances. The fair value of that liability at December 31, 2021, was calculated as €1,096 thousand and, the discount rate used was 7.5%.

NOTE 11 PROVISIONS FOR RISKS AND EXPENSES

(in € thousands)	Dec. 31, 2020	Provisions	Retained earnings	Reversals not applicable	Use of the provision	Dec. 31, 2021
Provisions for risks	5	1	-	-	-	6
Provisions for expenses	506	-	-	(360)	(104)	42
PROVISIONS FOR RISKS AND EXPENSES	**511**	**1**	**-**	**(360)**	**(104)**	**48**

The provision for expenses corresponds to the costs remaining to be incurred for the ongoing clinical trial with TG4010, which was halted at the end of 2019. This provision was used in the amount of €104 thousand during the fiscal year 2021.

At December 31, 2021, the Company reviewed the remaining costs to be incurred on this project and has decided to write back €360 thousand.

NOTE 12 OTHER LIABILITIES

OTHER CURRENT LIABILITIES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Tax and social liabilities	4,472	3,791
Prepaid income, of which:	972	2,827
Revenue from collaboration and licensing	942	2,666
Research and development grants	-	-
Others	30	161
Other short-term payables	10	8
TOTAL OTHER CURRENT LIABILITIES	**5,454**	**6,626**

OTHER NON-CURRENT LIABILITIES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Prepaid income, of which:	841	110
Revenue from collaboration and licensing	836	-
Research and development grants	-	-
Others	5	110
Other short-term payables	-	-
TOTAL OTHER NON-CURRENT LIABILITIES	**841**	**110**

Prepaid income refers mainly to the staggered payments of US$10 million from the collaboration agreement with AstraZeneca signed in April 2019. As of December 31, 2021, €1,778 thousand remained in deferred revenue, which will be recognized in 2022 and 2023 (€1,314 thousand related to the upfront payment and €464 thousand related to services provided by the Company).

NOTE 13 EMPLOYEE BENEFITS

In accordance with French law, Transgene participates in the financing of pensions for employees in France through the payment of contributions calculated on the basis of wages to bodies that manage retirement programs. For certain of its employees in France, Transgene also makes contributions, again based on wages, to private supplementary pension entities. There are no other obligations related to these contributions. At December 31, 2021, the Company applied the new valuation method recommended by the IFRIC.

Provisions for retirement benefit obligations

Transgene is also liable for statutory length-of-service awards payable to employees in France upon retirement. The compensation benefits are due only to employees on the Company's payroll at the time of retirement. The assumptions used to calculate these provisions for retirement are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.90%	0.60%
Expected long-term inflation rate	1.90%	1.70%
Rate of future salary increases	3.00%	1.50%
Retirement age:		
▪ managers	65 years	65 years
▪ non-managers	63 years	63 years

The duration of these commitments is 9.8 years.

The following table summarizes the conditions and amounts of actuarial pension obligations at December 31, 2021 and 2020, according to IAS 19 revised:

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
CHANGE IN THE VALUE OF COMMITMENTS		
Projected benefit obligation at beginning of year	4,060	3,961
Cost of services rendered for the year	293	280
Cost of discounting	22	33
Services paid	(863)	(270)
Change in assumptions	434	105
Reductions/terminations	-	-
Actuarial (gain)/loss	12	(49)
Total projected benefit obligation for retirement	**3,958**	**4,060**
DEFINED BENEFIT COST FOR THE YEAR		
Cost of services rendered for the year	293	280
Cost of discounting	23	33
Reductions/terminations	-	-
Total cost of services and discounting	**316**	**313**
REVALUATIONS OF NET LIABILITIES/(ASSETS)		
Actuarial losses (gains) related to changes in demographic assumptions	4	(34)
Actuarial losses (gains) related to changes in financial assumptions	429	139
Actuarial losses (gains) related to experience	12	(49)
Total revaluations of net liabilities/(assets)	**445**	**56**
CHANGES IN NET LIABILITIES/(ASSETS)		
Liability/(asset) at beginning of year	4,060	4,427
Changes in scope	-	(466)
Amount recognized in the income statement	316	313
Disbursements	(863)	(270)
Amount recognized in other comprehensive income/(loss)	445	56
Total liability/(asset) at end of year	**3,958**	**4,060**
ACCUMULATED AMOUNTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Accumulated amounts recognized at beginning of year	**529**	**473**
Revaluations of net liabilities/(assets) for the year	417	56
Accumulated amounts recognized at end of year	**946**	**529**
Deferred taxes	-	-
Net cumulative amounts recognized as income/(loss) at end of year	**946**	**529**

A sensitivity test of the discount rate quantified the impact on the value of the obligation and the cost of services:

- a discount rate of 0.65% would cause an increase in the obligation of 2.6% and in the cost of services of 3.5% for the year;
- a discount rate of 1.15% would cause a decrease in the obligation of 2.5% and in the cost of services of 3.4% for the year.

NOTE 14 EQUITY

Share capital

Transgene completed a €34,128,500 capital increase in June 2021. This transaction resulted in the creation of 13,930,000 new shares at €0.50, *i.e.* an increase in share capital of €6,965,000. The balance of the capital increase was recorded as issuance premium for €27,163,500.

As of December 31, 2021, 97,771,334 shares of Transgene were outstanding, representing a share capital of €48,885,667.

During 2021, the Boards of Directors authorized the granting of 2,299,956 free shares.

Earnings per share

The following table reconciles basic and diluted earnings per share. The number of shares is calculated on a *prorata temporis* basis.

	Dec. 31, 2021	Dec. 31, 2020
BASIC EARNINGS PER SHARE		
Available net profit *(in € thousands)*	(19,536)	(17,231)
Average number of shares outstanding	91,111,649	83,841,334
Basic earnings per share *(in €)*	(0.21)	(0.21)
Diluted earnings per share *(in €)*	(0.20)	(0.21)

As of December 31, 2021, there was a potential dilution of 4,307,606 shares as a result of stock options that theoretically remain to be exercised or outstanding free shares.

Stock option plans

As of the date of this Document, one stock option plan has been authorized by the General Shareholders' Meeting in 2010, and was implemented by the Board of Directors. No stock options have been awarded since 2012. The status of these plans at December 31, 2021, is summarized in the following table.

Allocation date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2021	Number of options remaining to be exercised at Dec. 31, 2021*
Dec. 13, 2012	Dec. 14, 2017	Dec. 14, 2022	7,859	92,578	-	41,532
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**41,532**

* *This amount includes adjustments, in terms of the number of options and the exercise price, in accordance with regulations, following the capital increases maintaining preferential subscription rights of shareholders completed in March 2014, November 2016 and in 2019.*

	Number of options remaining to be exercised	Average exercise price per option
Outstanding options at December 31, 2019	**256,992**	**13.17**
Options granted in 2020	-	-
Options forfeited in 2020	215,460	14.20
Options exercised in 2020	-	-
Outstanding options at December 31, 2020	**41,532**	**7.86**
Options granted in 2021	-	-
Options forfeited in 2021	-	-
Options exercised in 2021	-	-
Outstanding options at December 31, 2021	**41,532**	**7.86**
Options exercisable at December 31, 2021	**41,532**	**7.86**

Expenses calculated on stock option plans

The cost of services rendered is recognized as an expense over the vesting period. There was no expense in 2021, as in 2020.

Free share plans

Five free share awards are in the process of vesting as of December 31, 2021, adopted by the Board of Directors in 2019, 2020 and 2021 for the benefit of all employees and executive directors on the basis of a delegation granted by the General Meetings of May 22, 2019 and May 26, 2021.

The status of these unvested awards at December 31, 2021, is summarized in the following table:

	2021 plan			
General Meeting date	May. 26, 2021			
Total number of shares authorized by the Meeting	2,500,000			
	Grants 2021			
Board of Directors meeting date	May. 26, 2021			
Total number of free shares awarded	1,999, 956			300,000
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	457,139			300,000
Of which the number of shares awarded to members of the Executive Committee	1,200,000			300,000
Of which awards granted, during the year by the issuer and by any company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	802,117			-
Of which the balance not yet vested at Dec. 31, 2021	1,975,266			300,000
Vesting date	May. 26, 2022	May. 26, 2023	May. 26, 2024	Jan. 1, 2024
Expiration date of the lock-up period	May. 26, 2022	May. 26, 2023	May. 26, 2024	End of contract
Value of the share on the award date	€2.95			€2.95

	2016 plan		2018 plan			2019 plan
General Meeting date	May. 24, 2016		May. 23, 2018		May. 22, 2019	
Total number of shares authorized by the Meeting	600,000		1,200,000		2,000,000	
	2017 Grant	2018 Grant	2019 Grant	2019 Grant	2019 Catch-up	2020 Grant
Board of Directors meeting date	Mar. 17, 2017	Mar. 21, 2018	Mar. 20, 2019	Sept. 18, 2019	May. 27, 2020	Sept. 16, 2020
Total number of free shares awarded	183,000	220,600	414,800	1,399,774	5,934	601,682
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	31,000	34,600	77,500	350,000	-	150,000
Of which the number of shares awarded to members of the Executive Committee	72,000	104,600	192,000	840,000	-	360,000
Of which awards granted, during the year by the issuer and by any company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	49,400	85,000	628,236		223,620	
Of which the balance not yet vested at Dec. 31, 2021	-	-	-	1,309,994	5,934	565,704
Of which vested at Dec. 31, 2021	173,175	200,750	375,120	-	-	-
Vesting date	Mar. 17, 2019	Mar. 21, 2020	Apr. 20, 2020	Mar. 30, 2022	Apr. 30, 2022	Mar. 30, 2022
Expiration date of the lock-up period	Mar. 17, 2021	Mar. 21, 2022	Apr. 20, 2021	Mar. 30, 2022	May. 27, 2022	Sept. 16, 2022
Value of the share on the award date	€2.63	€3.15	€2.98	€1.78	€1.47	€1.35

Grant conditions:

- Three-year award of May 26, 2021: half of the awards to members of the Executive Committee is subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the final grant date of each tranche, which will be assessed by the Board approving the closing of the annual financial statements for the fiscal year 2021, 2022 or 2023 as the case may be;
- Welcome grant of May 26, 2021: this allocation of free shares to the Chairman and Chief Executive Officer is subject to a presence condition recorded on January 1, 2024 and to an obligation to hold them until the end of the contract;
- May 2020 grant: the shares are vested 22 months after their award to employees who are still with the Company;
- September 2020 grant: the shares are vested 18 months after their award to employees who are still with the Company. The Executive Committee received 360,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions will be assessed in March 2022.
- September 2019 grant: the shares are definitively granted 30 months after their allocation to employees who are still with the Company. The Executive Committee received 840,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions will be assessed in March 2022.

Expense calculated for share-based payments

The cost of services rendered is recognized as an expense over the vesting period. The expense amounted to €3,002 thousand in 2021 and €1,744 thousand in 2020.

The provision covering URSSAF contributions related to free shares amounted to €1,215 thousand at December 31, 2021 and was valued on the basis of the Transgene share price as at December 31, 2021.

5

NOTE 15 OPERATING INCOME

REVENUE FROM COLLABORATIVE AND LICENSING AGREEMENTS

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Revenue from research and development collaboration	2,929	2,988
License fees and royalties	7,064	(7)
TOTAL REVENUE FROM COLLABORATIVE AND LICENSING AGREEMENTS	**9,993**	**2,981**

In 2019, the Company entered into a collaboration agreement with AstraZeneca with exclusive licensing options to co-develop oncolytic immunotherapies derived from the Invir.IO™ platform. In this regard, Transgene thus received €8.9 million (US$10 million) in fees for access to its platform in the first half of 2019. Pursuant to IFRS 15.41 and inasmuch as Transgene has not transferred control of a pre-existing intellectual property and as AstraZeneca receives the benefits of the licensed rights as and when the research plan is carried out, this initial payment is recognized in income against the progress of the associated activities and measured against the costs incurred by Transgene to carry out its contractual obligations. This agreement provides for additional revenue as and when preclinical milestones are met. Transgene is eligible to receive an option exercise payment on each candidate in the event AstraZeneca exercises one or several license options, as well as development and commercial milestones and royalties.

The assumptions used by Management in the measurement of revenue related to the initial payment primarily concern:

- the number of candidates to be developed;
- the schedule for the development of candidates;
- the estimated costs of the salaries and consumables related to the development of the candidates.

At December 31, 2021, Transgene re-estimated the overall budget and its progress. The income related to the initial payment recognized at December 31, 2021 was assessed on the basis of this revised budget and program progress. The Company may receive up to US$1.5 million for the delivery of these candidates.

Over the period, the income recognized under this collaboration agreement was €9,921 thousand. This amount includes the sum of €7,063 thousand relating to the exercise of the first license option by AstraZeneca in December 2021 for an oncolytic virus developed by Transgene. It also corresponds to the recognition of the initial payment for the activity €1,231 thousand carried out during the period. The balance of €1,778 thousand, not recognized at that date is recognized in deferred income at December 31, 2021 (Note 12). The Company also received €1,627 thousand for the production of batches and provision of various R&D services.

GOVERNMENT FINANCING FOR RESEARCH EXPENDITURE

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Research subsidies	34	50
Research tax credit, net	6,987	6,312
TOTAL PUBLIC FINANCING FOR RESEARCH EXPENSES	**7,021**	**6,362**

The net amount of the research tax credit was €6,987 thousand in 2021 compared to €6,312 thousand in 2020.

OTHER INCOME

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Other income	399	572
TOTAL OTHER INCOME	**399**	**572**

As of December 31, 2021, other income amounted to €399 thousand, compared to €572 thousand at December 2020. It corresponds in particular to €174 thousand for the conditional NEOVIVA program advances granted at a preferential rate. These advances have been restated in accordance with IAS 20, with the subsidy portion received from this program recognized in *Other income*.At December 31, 2020, the portion of repayable advances restated as subsidies during the year amounted to €224 thousand .

In 2020, the sale of the rights to the DuckCelt®-T17 cell line to the company Vaxxel SAS represents €118 thousand in *Other income*.

NOTE 16 OPERATING EXPENSES

RESEARCH AND DEVELOPMENT EXPENSES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Payroll costs (1)	12,388	11,508
Share-based payments (2)	1,656	849
Intellectual property expenses and licensing costs (3)	1,124	889
External expenses for clinical projects (4)	6,256	5,378
External expenses for other projects (5)	4,546	2,381
Operating expenses (6)	5,148	4,631
Depreciation and provisions (7)	1,765	1,710
TOTAL RESEARCH AND DEVELOPMENT EXPENSES	**32,883**	**27,346**

(1) Represents wages and social security charges, taxes, retirement charges and other such costs.
(2) Represents expense for share-based payments offered to employees.
(3) Represents expenses for filing and maintaining patents as well as the costs of licenses acquired or granted.
(4) Represents expenses for services, subcontractors and consulting on clinical development projects.
(5) Represents expenses for services, subcontractors and consulting on other research or manufacturing projects.
(6) Represents operating expenses of research and production laboratories (energy, consumables and raw materials, maintenance, technical services, overheads, etc.).
(7) Represents the depreciation on the real estate and property allocated to R&D and to operating provisions.

As of December 31, 2021, research and development expenses increased to €32,883 thousand compared with €27,346 thousand as of December 31, 2020.

Payroll costs at December 31, 2021 amounted to €12,388 thousand, compared to €11,508 thousand at December 31, 2020, due to the increase in the workforce related to increased production activities. The cost of share-based payments amounted to €1,656 thousand at December 31, 2021, compared to €849 thousand over the same period in 2020, in particular following the granting of a new free share plan in 2021.

External expenses on clinical projects were up to €6,256 thousand at December 31, 2021, compared with €5,378 thousand at December 31, 2020 following the launch of several studies, notably for the TG4001 and BT-001 projects as well as for the accelerated spending on clinical trials for the TG4050 project.

External expenses on other projects amounted to €4,546 thousand at December 31, 2021, compared to €2,381 thousand at December 31, 2020. This increase is mainly due to the start in 2021 of a project to improve manufacturing processes.

Operating expenses were also up to €5,148 thousand at December 31, 2021, compared to €4,631 thousand over the same period last year due to the internal production of clinical batches for the various studies.

GENERAL AND ADMINISTRATIVE EXPENSES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Payroll costs (1)	3,368	3,280
Share-based payments (2)	1,346	895
Fees and administrative expenses (3)	1,867	1,803
Other general and administrative expenses (4)	727	512
Depreciation and provisions (5)	61	57
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**7,369**	**6,547**

(1) Represents wages and social security charges, taxes, retirement charges and other such costs.
(2) Represents expense for share-based payments offered to employees.
(3) Represents expenses for services, subcontracting and consulting for general and administrative departments.
(4) Represents operating expenses of general and administrative departments.
(5) Represents amortization and operating provisions allocated to general and administrative activities.

General and administrative expenses amounted to €7,369 thousand at December 31, 2021, compared to €6,547 thousand at December 31, 2020.

Payroll costs at December 31, 2021 stood at €3,368 thousand, compared with €3,280 thousand at December 31, 2020. The cost of share-based payments amounted to €1,346 thousand at December 31, 2021, compared to €895 thousand over the same period in 2020, in particular following the granting of a free shares plan in 2021.

Management fees and expenses amounted to €1,867 thousand at December 31, 2021 compared to €1,803 thousand for the same period in 2020.

Other general and administrative expenses amounted to €727 thousand at December 31, 2021 compared to €512 thousand at December 31, 2020.

OTHER EXPENSES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Net carrying value of disposals of fixed assets	4	-
Other expenses	682	15
TOTAL OTHER EXPENSES	**686**	**15**

At December 31, 2021, other expenses were €686 thousand. They are mainly related to the depreciation of equipment stored at a third party for an amount of €682 thousand.

NOTE 17 FINANCIAL INCOME/(LOSS)

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Investment income	82	92
Cost of debt	(464)	(1,337)
COST OF DEBT NET OF INVESTMENT INCOME	**(382)**	**(1,245)**
Other financial income/(expenses)	4,198	8,016
Foreign exchange gains/(losses)	173	(9)
TOTAL OTHER FINANCIAL INCOME (EXPENSES)	**4,371**	**8,007**
TOTAL FINANCIAL INCOME/(LOSS)	**3,989**	**6,762**

Cost of debt

The cost of debt at December 31, 2021 corresponds to:

- bank interest related to the transfer of the 2020 RTC receivables for €225 thousand;
- bank interest on the Natixis credit facility of €152 thousand.

Financial income (expenses)

In July 2021, the Company sold 49% of the equity securities of Tasly BioPharmaceuticals. The sale of the shares generated a net gain on the disposal of assets of €1,347 thousand. The shares still held by the Company as of December 31, 2021, were revalued at €2,442 thousand. This revaluation of the shares corresponds to the difference between the fair value in euros (sale price in September) and the fair value at December 31, 2020 (Note 8). In 2020, a first sale of securities generated a net gain on the disposal of assets of €2,655 thousand and the revaluation of shares still held at December 31, 2020 generated a revaluation of €6,428 thousand.

At December 31, 2021, the discounting of the ADNA reimbursable advances generated financial income of €716 thousand, compared with a financial expense of €624 thousand at December 31, 2020.

As of December 31, 2020 the Company had also recognized income of €1,298 thousand following the agreement reached with the former shareholders of ElsaLys Biotech SA for the acquisition of the latter by the Italian company Mediolanum Farmaceutici.

As of December 31, 2020, the Company recognized a financial expense of €1,777 thousand corresponding to the waiver of the receivable on the sale of SillaJen investments. The representative of the former shareholders had entered into an agreement with SillaJen ending the earn-out commitments.

NOTE 18 INCOME TAX EXPENSES

Current taxes

Since the Company is in a tax loss position, its current tax charge is zero. The United States and Chinese subsidiaries did not recognize any current tax income or expense in 2020 and 2021.

	Basis
IFRS earnings before taxes	**(19,536)**
Income tax rate	26.50%
Theoretical income tax expense	**5,177**
Tax-exempt RTC	1,862
Uncapitalized tax losses	(7,637)
Other impacts	598
INCOME TAX RECOGNIZED	**-**

Deferred taxes

At December 31, 2021, Transgene had tax loss carryforwards in France (indefinitely carryable) totaling €754,627 thousand. Transgene has no tax loss carryforwards from it's the United States and Chinese subsidiaries.

NOTE 19 PERSONNEL

Workforce

The Company had 167 employees at December 31, 2021. The Company had 165 employees as of December 31, 2020.

As of December 31, 2021	Men	Women	Total at Dec. 31, 2021*
Managers	45	70	115
Non-managers	17	35	52
TOTAL	**62**	**105**	**167**

* *Including 143 open-ended contracts at Dec. 31, 2021.*

Payroll costs

Payroll costs included in the Company's income statement (payroll taxes, pension costs, ancillary costs) were distributed as follows:

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Research and development expenses	12,388	11,508
General and administrative expenses	3,368	3,280
TOTAL PAYROLL COSTS	**15,756**	**14,788**

Expenses relating to share-based payments (excluding social security contributions) amounted to:

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Research and development expenses	1,656	849
General and administrative expenses	1,346	895
TOTAL SHARE-BASED PAYMENTS	**3,002**	**1,744**

NOTE 20 AFFILIATED COMPANIES

Transgene signed a cash pooling agreement with Institut Mérieux. The cash and cash equivalents placed in the Institut Mérieux cash pool amounted to a receivable of €43.7 million at December 31, 2021; the resulting interest income was €68 thousand as of December 31, 2021.

The table below does not include these cash items.

		Dec. 31, 2021	
(in € thousands)	Type of related party	Receivables	Payables
ABL Europe SAS	Company in the Mérieux Group	-	743
bioMérieux SA	Company in the Mérieux Group	-	-
bioMérieux, Inc.	Company in the Mérieux Group	-	30
Institut Mérieux	Company in the Mérieux Group	-	9
Mérieux Université	Company in the Mérieux Group	-	7
Thera Conseil	Company in the Mérieux Group	-	6
TOTAL AFFILIATED COMPANIES		**-**	**796**

		Dec. 31, 2021	
(in € thousands)	Type of related party	Revenue	Expenses
ABL Europe SAS [(1)]	Company in the Mérieux Group	221	3,643
bioMérieux SA	Company in the Mérieux Group	-	1
bioMérieux, Inc. [(2)]	Company in the Mérieux Group	-	372
Institut Mérieux [(3)]	Company in the Mérieux Group	-	270
Mérieux Université	Company in the Mérieux Group	-	7
Thera Conseil	Company in the Mérieux Group	-	5
TOTAL AFFILIATED COMPANIES		**221**	**4,298**

(1) The revenue corresponding to the rent re-invoicing contract for hosting test labs. Expenses relate to the agreements for production services and audits provided by ABL Europe.
(2) Expenses related to the agreements for services and re-invoicing of staff, signed between Transgene, Inc. and bioMérieux, Inc.
(3) Expenses related to the agreements for services provided by Institut Mérieux.

NOTE 21 OFF-BALANCE SHEET COMMITMENTS

As part of the agreements with Tasly BioPharmaceuticals in July 2018, Transgene had received 27.4 million shares in this company, *i.e.*, 2.53% of its capital. At the time of the transaction, the assets contributed by Transgene were valued by the parties at US$48 million, and the unit price of the shares received was that negotiated by the institutional funds during a capital increase. On this occasion, Transgene, the institutional funds, Tasly BioPharmaceuticals and its parent company Tasly Holding Group had signed a shareholders' agreement to frame their relations. In addition to the usual provisions such as a right of first refusal in the event of assignment by a shareholder, Tasly Holding Group undertook to repurchase the shares subscribed by Transgene in the event of no IPO within a predefined period, at the initial subscription price plus an annual contractual rate. In July 2020, the Company had sold 10.3 million Tasly BioPharmaceuticals shares. Following this transaction, Transgene held 17.1 million shares of Tasly BioPharmaceuticals, representing 1.58% of its share capital, valued at approximately US$36.9 million. In September 2021, the Company sold 49% of its remaining shares (representing 8.4 million shares). Following this new sale, the Company now holds 8.7 million Tasly BioPharmaceuticals shares. As a result of this transaction in particular, the shareholder agreement was amended in December 2021. This new agreement now states that the undertaking to repurchase Transgene shares by a holding company of the Tasly Group will be triggered in the absence of an IPO on the Shanghai Stock Exchange of Tasly BioPharmaceuticals by September 30, 2022.

The Company has signed a research tax credit assignment agreement with a credit institution for each of its 2018, 2019 and 2020 research tax credits and no longer has any receivables from the French State. The Company therefore received, respectively, €5,500 thousand, €6,288 thousand and €6,034 thousand for the 2018, 2019 and 2020 research tax credits (representing 95% financing). As this type of contract is deconsolidating, no liability is recognized in respect of this financing received. However, the Company remains responsible for the amounts declared in the event of a tax audit.

Transgene is also bound by contracts with subcontractors. That could have an impact over several accounting periods. As of December 31, 2021, the Company estimated the current value of its financial commitments under these agreements to be approximately €29 million. These commitments equal in amount the cash still to be spent on contracts signed to date.

Under licensing or option agreements, third parties have promised to make milestone payments or pay royalties to the Company that are dependent upon future events whose probability remains uncertain as of the reporting date. The Company has promised, with respect to a number of third parties, to pay royalties or milestone payments under collaboration or licensing agreements that are dependent upon future events whose realization remains uncertain as of the reporting date.

NOTE 22 SEGMENT INFORMATION

The Company conducts its business exclusively in the clinical research and development of therapeutic vaccines and immunotherapeutic products, none of which are currently on the market. The majority of its operations is located in France. The Company therefore uses only one segment for the preparation and presentation of its financial statements.

5

NOTE 23 BREAKDOWN OF ASSETS AND LIABILITIES BY MATURITY

DECEMBER 31, 2021

Assets *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year**
Financial assets	1,627	307	1,320
Trade receivables	10,133	10,133	-
Research tax credits and CICE	7,136	109	7,027
Government, VAT and other local authorities	758	758	-
Personnel and related accounts	33	33	-
Prepaid expenses	1,656	1,380	276
Grant receivable	24	24	-
Other receivables	370	239	131
TOTAL ASSETS BY MATURITY	**21,737**	**12,983**	**8,754**

Liabilities *(in € thousands)*	Gross amount	One year or less	More than one year and less than or equal to five years	More than five years
Trade payables	7,692	7,692	-	-
Property leasing	3,045	947	2,098	-
Equipment leasing	665	314	351	-
Lease obligation	20	20	-	-
Conditional advances	12,741	-	1,096	11,645
Financing of research tax credit and CICE	114	114	-	-
Provisions for risks and expenses	48	48	-	-
Provisions for retirement	3,958	228	1,031	2,699
Accrued employee benefits and tax expense	4,472	4,472	-	-
Prepaid income	1,813	972	841	-
Other liabilities	61	10	51	-
TOTAL LIABILITIES BY MATURITY	**34,629**	**14,817**	**5,468**	**14,344**

NOTE 24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Hedging operations

The Company is not engaged in any foreign exchange hedges.

In 2009, the Company partially hedged the interest rate risk related to the financial leasing of its administrative and research building in Illkirch (Note 10), according to the following terms:

- nominal value: €5.9 million (depreciable);
- hedging instrument: interest rate swap contract;
- residual maturity at December 31, 2021: 2 years;
- underlying rate: 3-month Euribor;
- fixed rate: 3.46%.

As the hedge is perfect, the variations in market value for the instrument are recognized at net value. At December 31, 2021, the market value of this hedging instrument was €51 thousand. The market value is the amount that the Company would have had to pay if it decided to liquidate the hedge at December 31, 2021.

Exchange rate risk

The Company publishes its consolidated financial statements in euros. However, a portion of its revenue and expenses is recognized in US dollars. An increase or decrease in the euro exchange rate relative to the US dollar could impact operating results.

The Company has US dollar bank accounts. Net inflows in US dollars amounted to US$19,828 thousand in 2021.

The following table shows the sensitivity of the Company's expenses to a 10% change in the US dollar rate during the years ended December 31, 2021, and 2020 (before tax and any hedging):

	Dec. 31, 2021	Dec. 31, 2020
Flows denominated in US$	19,828	22,169
Equivalent in euros on the basis of an exchange rate of €1 = US$1.1326	17,507	18,066
Equivalent in euros in the event of an increase of 10% US$ *vs.* €	15,915	16,424
Equivalent in euros in the event of a decrease of 10% US$ *vs.* €	19,452	20,074

The disposal of Tasly BioPharmaceuticals shares was completed in US dollars, which explains the net cash inflow at December 31, 2021.

The Company's foreign exchange position in US dollars as at December 31, 2021 is as follows:

(in thousands)	US$
Assets	11,221
Liabilities	883
Net position	**10,338**
Adjusted	10,338
Off-balance sheet position	-

As Tasly BioPharmaceuticals shares still held by the Company are denominated in yuan, the Company is also highly exposed to the risk of yuan exchange rate fluctuations.

The Company's foreign exchange position in yuan as at December 31, 2021 is as follows:

(in thousands)	¥
Assets	137,082
Liabilities	86
Net position	**136,996**
Adjusted	136,996
Off-balance sheet position	-

Risks related to cash needs

The Group controls the risks related to cash management through centralized tracking and approval procedures. Cash assets are invested in highly rated marketable securities.

Cash invested at December 31, 2021, in mutual funds, directly or through the centralized management of the Institut Mérieux group, amounted to €43.7 million. The Company has and will have significant capital requirements to finance its research and development, particularly preclinical and clinical trials of its products under development.

Capital management

The Company has limited access to debt due to its losses and the high-risk nature of the business sector (pharmaceutical research and development) under which it operates. The Company plans to finance operations mainly by issuing new shares or through debt instruments when circumstances allow it.

Financial instruments

December 31, 2021 *(in € thousands)*	Assets and liabilities at fair value through income or loss	Receivables, payables, borrowings, at amortized cost	Derivative instruments	Carrying amount	Fair value	Level
FINANCIAL ASSETS						
Cash and cash equivalents	5,911	-	-	5,911	5,911	1
Other current financial assets	43,658	-	-	43,658	43,658	2
Trade receivables	-	10,133	-	10,133	10,133	-
Financial assets	19,145	1,627	-	20,772	20,772	2-3
Other non-current assets	-	131	-	131	131	2
TOTAL FINANCIAL ASSETS	**68,714**	**11,891**	**-**	**80,605**	**80,605**	
FINANCIAL LIABILITIES						
Borrowings from credit institutions, long-term portion	-	-	-	-	-	2
Lease commitment, long-term portion	-	2,449	-	2,449	2,449	2
Lease liability, long-term portion	-	-	-	-	-	2
Conditional advances	-	12,741	-	12,741	12,741	3
Other non-current financial liabilities	-	-	51	51	51	2
Non-current financial liabilities	**-**	**15,190**	**51**	**15,241**	**15,241**	
Borrowings from credit institutions, short-term portion	-	114	-	114	114	2
Finance leasing, short-term portion	-	1,261	-	1,261	1,261	2
Lease liability, short-term portion	-	20	-	20	20	2
Current financial liabilities	**-**	**1,395**	**-**	**1,395**	**1,395**	**-**
Trade payables	**-**	**7,692**	**-**	**7,692**	**7,692**	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**24,277**	**51**	**24,328**	**24,328**	**-**

In accordance with IFRS 13, financial instruments are categorized in three levels according to a hierarchy of methods that determine the fair value:

- level 1: fair value calculated with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: fair value calculated with reference to observable market data for the asset or liability, either directly or indirectly (*i.e.*, derived from prices);
- level 3: fair value calculated with reference to unobservable market data for the asset or liability.

NOTE 25 COMPENSATION PAID TO MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES

The total expenses recorded for fiscal year 2021 in respect of compensation paid to members of the Board of Directors and the Executive Committee was €4,121 thousand.

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Base salaries	1,372	1,825
Variable compensation	325	672
Payments in kind	44	33
Free shares	1,552	1,149
Directors' compensation	232	200
Departure benefits	596	-
TOTAL	**4,121**	**3,879**

NOTE 26 STATUTORY AUDITORS' FEES

	Ernst & Young et Autres				Grant Thornton			
	Amount (pre-tax)		%		Amount (pre-tax)		%	
(in € thousands)	2021	2020	2021	2020	2021	2020	2021	2020
Audit		-	-	-	-	-		-
STATUTORY AUDITORS, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Issuer	83	85	87%	90%	63	51	100%	100%
Fully consolidated subsidiaries	-	-		-	-	-	-	-
OTHER DUE DILIGENCE AND SERVICES DIRECTLY RELATED TO THE AUDIT								
Issuer	12	9	13%	10%	-	-	-	-
Fully consolidated subsidiaries	-	-		-	-	-		-
Sub-total	**95**	**94**	**100%**	**100%**	**63**	**51**	**100%**	**100%**
Other services provided by networks to fully consolidated subsidiaries	-	-	-	-	-	-		-
Legal, tax and social	-	-	-	-	-	-		-
Other (specify if > 10% of the audit fees)	-	-	-	-	-	-		-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**		**-**
TOTAL	**95**	**94**	**100%**	**100%**	**63**	**51**	**100%**	**100%**

NOTE 27 EVENTS AFTER THE REPORTING PERIOD

None.

5.1.3 Date of latest financial information

December 31, 2020, and June 30, 2021.

5.2 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2021

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Transgene S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Transgene S.A. for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Observation

Without qualifying the opinion expressed above, we draw your attention to Note 2 of the financial statements relating to the change in accounting method related to the valuation of employee benefits in accordance with the May 2021 IFRIC position.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of the shares held in Tasly Biopharmaceuticals

Risk identified

In July 2018, your Group received shares from Tasly Biopharmaceuticals amounting to USD 48m, in return, firstly, for the transfer of its investment in the joint venture which owned the T6002 rights, and secondly, for the transfer of the T1050 patent rights for Greater China. In July 2020, 38% of the shares held were sold.

In September 2021, your Group signed an agreement with the Chinese company Tasly Pharmaceutical Group Co., Ltd. for the sale of 8,399,999 shares held in the company Tasly Biopharmaceuticals. This transaction represents a sale of 49% of the shares held by Transgene as of June 30, 2021. The remaining shares are still presented as non-consolidated investments without significant influence, given that:

- the Group does not intend to dispose of them in the near future due to the Tasly Biopharmaceuticals IPO process
- these shares may not be sold during a holding period of one year after the IPO.

The remaining shares held as at December 31, 2021 were valued at the price per share recorded when shares were sold in September 2021, based on Yuan exchange rate as of December 31, 2021. The fair value of the shares then held as of December 31, 2021 in the unlisted company Tasly Biopharmaceuticals appearing on your group's balance sheet amounts to MEUR 19.

As stated in Notes 1 and 8 of the financial statements, the valuation of the capitalized shares is based on an analysis according to the fair value of the assets.

The valuation of these shares requires Management to exercise judgment in its choice of elements to be taken into account, corresponding to forecasts.

The main assumptions taken into account by Management in the measurement of fair value are based on assumptions obtained from Tasly Biopharmaceuticals and concern:

- the estimate of the future cash flows that will be generated by the company held, notably by the products being developed;
- the probable technical success of the products being developed and their approval by the regulatory authorities;
- the market potential for these products being developed;
- the value of the shares according to the latest capital transactions;
- the discount rate used by Management.

Your Group had an independent advisory firm review and update the model used and the assumptions at year-end, based on the information provided by Tasly Biopharmaceuticals, with the aim of making sure that the price for the sale of part of the shares in September 2021 continued to be representative of the fair value of the shares still held as at December 31, 2021.

Any error in the assessment of the assumptions has an impact on the estimate of the fair value. We considered the determination of the fair value of the shares held to be a key audit matter as it involves significant exercise of judgment on the part of Management.

Our response

Our work consisted in reviewing the methods and assumptions used by your Group to determine the fair value of the shares, in particular:

- reviewing the transaction of September 2021 to assess whether it was representative of the fair value of a transaction between two independent parties;
- comparing the valuation obtained based on the model and assumptions used as at December 31, 2021 with the value at the time of the sale in September 2021;
- including a specialist in our audit team to study the models and assumptions used by reviewing their consistency, first, with the budgets and forecasts used, and second, with our knowledge of the sector, acquired notably during interviews with Management and by comparison with similar projects conducted by other companies in the same sector of activity;
- comparing the discount rate with our own estimate of this rate, established with the assistance of our valuation specialists and through the analysis of the various parameters.

Lastly, we also assessed the appropriateness of the information disclosed in the notes to the financial statements, in particular the sensitivity analyses presented.

Measurement of revenue related to the collaboration agreement with AstraZeneca

Risk identified	Our response
In April 2019, your Group entered into a collaboration agreement with AstraZeneca with options for exclusive licenses to co-develop oncolytic immunotherapies using the Invir.IO™ platform. This agreement provides for the delivery of five candidates by your Group. Within this context, your Group received an initial payment of EUR 8.9m (USD10m) for access rights to its platform during the first half of 2019. In May 4, 2020, an amendment was signed with AstraZeneca defining two new candidates to be developed. Consequently, your Group re-estimated the program's overall budget and progress as at December 31, 2020. Your Group has also re-estimated the program's overall budget and progress as at December 31, 2021. As at December 31, 2021, the revenue in respect of the initial payment recognized under this collaboration represents EUR 1.2m. As stated in Notes 1 and 15 to the consolidated statements, the recognition of the revenue related to the initial payment is based on the progress made in the associated activities and measured according to the costs incurred. The measurement of the revenue requires Management to exercise judgment in its choice of the elements to be taken into account, corresponding to forecasts. The main assumptions taken into account by Management in the measurement of the revenue related to the initial payment notably concern: • the number of candidates to be developed; • the schedule for the development of the candidates; • the estimated costs of the salaries and consumables related to the development of the candidates. We considered the measurement of the revenue related to the collaboration agreement with AstraZeneca to be a key audit matter, as: • the measurement of the income recognized represents a material amount as at December 31, 2021; • the determination of the revenue requires the use of estimates and assessments, notably to measure the estimated costs of the salaries and consumables related to the development of the candidates. • the use of management judgement involved in its determination is significant. Any error in the assessment of these assumptions would have an impact on the estimation of the revenue to be recognized.	Our work consisted in reviewing the methods and assumptions used by Management to measure the revenue related to the initial payment. In particular, it consisted in: • analyzing the methods used to measure the estimated overall costs related to the agreement, including the measurement of personnel costs, the hours necessary to perform the studies and the costs of consumables, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management; • studying the valuation of the actual hours worked during financial year 2021 and the actual timesheets as at December 31, 2021; • assessing the consistency of the schedule for the development of candidates not yet performed in relation to the actual schedule for the first candidates, and on the basis of interviews with Management and the project manager. Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

Valuation of ADNA repayable advances

Risk identified	Our response
As at December 31, 2021, the fair value of the liability consisting of repayable advances recorded in your Group's balance sheet amounts to MEUR 11.65. At year-end, your Group re-values its repayable advances liability under the ADNA program based on the amount of the expected repayments, as described in Notes 1 and 10 to the consolidated financial statements. The repayment of these advances is subject to the achievement of a certain threshold of revenue with the TG4001 product, and will be made based on a predetermined fixed amount over the following five years, and then in proportion to the revenue generated by this product until a repayment limit is reached or at the latest in 2035. The fair value of the repayments are thus estimated by Management based on the estimated future direct and indirect revenue generated solely by the TG4001 product being developed. The other assumptions used by Management to measure the fair value of the repayable advances liability notably concern; • the probabilities of success of the clinical phases; • the timing and conditions of a partnership concerning the development and marketing of this product; • the discount rate used by Management. The measurement of the repayable advances liability therefore requires Management to exercise judgment in its choice of the elements to be taken into account, in particular as regards forecasts. Any error in the assessment of these assumptions would have an impact on the estimation of the debt to be repaid. We considered the measurement of the ADNA repayable advances to be a key audit matter as it involves significant exercise of judgment on the part of Management.	Our work consisted in reviewing the methods and assumptions used by your Group to measure the fair value of the ADNA repayable advances. In particular: • we assessed the valuation model used and the assumptions adopted relating to the development of the TG4001 product, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management; • we compared the discount rate with our own estimate of this rate; • we reviewed the US dollar to euro rate used within the context of the valuation performed. Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chairman and Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditor

We were appointed as statutory auditor of Transgene S.A. by your Annual General Meeting held on May 24, 2016 for GRANT THORNTON and on May 29, 1996 for ERNST & YOUNG et Autres.

As at December 31, 2021, GRANT THORNTON was in its 6th year and ERNST & YOUNG et Autres in its 26th year of total uninterrupted engagement (including 24 years since the securities of the company were admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon and Paris-La Défense, 6th April 2022

The Statutory Auditors

French original signed by

GRANT THORNTON
French Member of Grant Thornton International
Françoise Méchin

ERNST & YOUNG et Autres

Cédric Garcia Brigitte Barouky

5.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

5.3.1 Annual financial statements

BALANCE SHEET – ASSETS

(in € thousands)	*Notes*	Dec. 31, 2021	Dec. 31, 2020
Intangible assets, at cost		3,267	3,246
Intangible assets in progress		-	9
(accumulated depreciation, amortization and provisions)		(3,175)	(3,114)
Intangible assets - net	*11*	**92**	**141**
Property, plant and equipment:			
Land		584	584
Fixtures and fittings		2,511	2,325
Laboratory equipment		10,397	10,267
Office and computer equipment		1,674	1,651
Assets in progress		102	65
Total property, plant and equipment, at cost		15,268	14,892
(accumulated depreciation, amortization and provisions)		(10,346)	(9,199)
Property, plant and equipment - net	*10*	**4,922**	**5,693**
Financial assets - net	*12*	**15,529**	**27,983**
Total fixed assets		**20,543**	**33,817**
Trade receivables	*7*	10,133	1,667
Research tax credit and competitiveness and employment tax credit due	*21*	7,135	6,594
Recoverable VAT and income tax receivables and other tax receivables	*8*	758	388
Other receivables, including centralized treasury	*8*	44,127	22,013
Available cash, cash equivalents	*6*	5,854	5,218
Total current assets		**68,007**	**35,880**
Prepaid expenses	*20*	1,652	2,092
Currency translation difference		-	-
TOTAL ASSETS		**90,202**	**71,789**

BALANCE SHEET – LIABILITIES

(in € thousands)	*Notes*	Dec. 31, 2021	Dec. 31, 2020
Subscribed capital	*13*	48,886	41,921
Share premiums	*13*	56,299	31,072
Reserves	*13, 27*	3,101	1,951
Retained earnings		(36,700)	(16,972)
Profit/(loss) for the period		(17,006)	(20,116)
Statutory provisions		-	-
Equity	***13***	**54,580**	**37,856**
Conditional advances	*14*	17,437	16,834
Financial Liabilities	*15*	115	277
Provisions for pensions	*16*	3,958	4,448
Other provisions for risks and expenses	*16*	48	515
Provisions for risks and expenses	***16***	**4,006**	**4,963**
Payables	*20*	7,775	5,135
Accrued employee benefits and tax expense	*20*	4,466	3,785
Other liabilities	*20*	10	2
Payables	***20***	**12,251**	**8,922**
Prepaid income	*20*	1,813	2,937
Currency translation difference		-	-
Liabilities		**35,622**	**33,933**
TOTAL EQUITY AND LIABILITIES		**90,202**	**71,789**

5

INCOME STATEMENT

(in € thousands)	*Notes*	Dec. 31, 2021	Dec. 31, 2020
OPERATING INCOME			
Revenue from collaborative and licensing agreements	*3*	13,555	5,523
Research and development grants		35	51
Reversals of depreciation and provisions, transfers of expenses		865	272
Total operating income		**14,455**	**5,846**
OPERATING EXPENSE			
Purchases of raw materials and other purchases		(2,445)	(1,979)
Other purchases and external expenses		(21,330)	(17,113)
Income tax, duties and other levies		(474)	(411)
Salaries and wages		(10,521)	(9,989)
Social security expenses		(5,857)	(4,788)
Depreciation, amortization and provisions		(2,240)	(1,095)
Other expenses		(718)	(617)
Total operating expenses		**(43,585)**	**(35,992)**
Operating income/(loss)		**(29,130)**	**(30,146)**
Net financial income/(loss)	*4*	(426)	(1,156)
Current income/(loss) before tax		**(29,556)**	**(31,302)**
Net extraordinary income/(loss)	*5*	5,493	4,799
Research tax credit (RTC)	*21*	7,027	6,352
Income tax	*21*	30	35
PROFIT/(LOSS) FOR THE PERIOD		**(17,006)**	**(20,116)**

5.3.2 Notes to the annual financial statements

The notes and tables presented below are an integral part of the annual financial statements. The annual financial statements at December 31, 2021, show a balance sheet total of €90,202 thousand and net loss of €17,006 thousand.

NOTE 1 NATURE OF THE BUSINESS ACTIVITY AND SUMMARY OF ACCOUNTING PRINCIPLES

Nature of the business activity

Transgene ("the Company") is a French limited liability company *(société anonyme)* governed by the provisions of French law. It was created in 1979 to apply emerging techniques in genetic engineering in the context of contract research for industrial groups in the fields of molecular and cellular biology, virology, immunology and protein chemistry. The Company designs and develops immunotherapy products for treating cancer.

Significant accounting policies and changes to methods

The annual financial statements for fiscal year 2021 are presented in accordance with the legal and regulatory requirements in effect in France as described in the national general chart of accounts (French GAAP), and in accordance with generally accepted principles which are the principles of prudence, continuity of operations, consistency in accounting methods, and independence of fiscal years.

Given the capital increase carried out in June 2021, the Company's cash, cash equivalents and other current financial assets, the going concern principle was retained. The Company has financial visibility until the end of 2023.

Propagation of the Covid-19 coronavirus

The Covid-19 pandemic, has had an impact on Transgene's activities in 2021.. As of the date of this document, this has mainly impacted clinical studies that have either been or are being delayed due to the slowdown in patient recruitment or the length of time taken by the regulatory authorities to authorize the launch or the amendment of clinical studies notably in 2020.

If containment and global spread were to continue, the impact of the disease and the containment measures adopted by governments and the civil society could cause dysfunction in the supply and shipping chain on which the Company depends, lack of visibility in the scientific community due to the cancelation of international conferences, disorganization of the clinical sites participating in its clinical studies, delay or inability to produce its drug candidates, or even temporary closure of our establishments. As of today, the Company cannot be assured that it would be possible to implement its clinical study program under the conditions and within the time frame initially planned, if one or more of these risks should materialize. The occurrence of these risks would also have a downward impact on the Company's anticipated level of expenses, as well as on expected revenues from collaborations. This financial impact is difficult to quantify precisely at the date of this document.

Recognition of revenue

Transgene's revenue is comprised of revenues from patent licenses and collaborations in research (including the reimbursement of costs incurred by Transgene), development and production.

Patent licenses
Revenue from patent licenses generally consists of rights to access technology, paid on signing of the agreement and which is not reimbursable, financing by milestone payments and other payments, such as royalties.

Non-refundable fees for technology usage rights paid when the license is signed
When Transgene is not committed to continuing to develop a technology after a license is signed, the fees are recognized as revenue when the Company's contractual obligations have been fulfilled.

When Transgene is committed to continuing to develop a technology after a license is signed or has a future obligation to deliver products, the fees are recognized as revenue over the development period or the product delivery period.

Milestone payments
Milestone payments under collaboration agreements are recognized as revenue upon achievement of the incentive milestone events and when Transgene has no future performance obligations related to the payment. Milestone Payments are triggered either by the results of Transgene's research efforts or by events external to Transgene, such as regulatory approvals, the commencement of clinical trials or selection of candidates for drug development.

Royalties
Royalties are based on the licensee's sales of products or technologies. They are recognized on the basis of the license terms, when the sales can be reliably measured and recovery of the related receivables is reasonably assured. Provisional estimates of royalties receivable are based on sales statistics and trends.

Service and manufacturing contracts
Transgene has entered into certain contracts for the provision of research or manufacturing services on a best-effort basis.

Transgene bills its services at a pre-agreed rate, generally on a time-spent basis, and billings are recorded as revenue as and when the work is done. Revenue from these contracts is recognized when the services are performed.

Some of these contracts provide for manufacturing services with a performance obligation. In these cases, the services are recorded in operating income in the income statement after satisfactory quality control and customer acceptance.

Revenue received but not yet recognized in the income statement based on the above principles is recorded as a liability under "Deferred revenue" and is reclassified to the income statement when the revenue recognition criteria are met.

Research tax credit for research and development expenses

Research and development costs entitled the Company to a research tax credit, which is recognized at the end of the fiscal year in which the costs are recognized and the credit is claimed. Unused research tax credits are refundable from the fourth year. The research tax credits for 2018 to 2020 that will be repaid by the tax authorities from 2022 to 2024 have been sold under receivables assignment contracts and the Company no longer has any receivables from the State. These contracts are qualified as deconsolidating. The RTC 2021 will be reimbursed by the tax authorities in 2025.

Cash and cash equivalents

The Company considers as cash and cash equivalents and marketable securities its liquid investments, which can be bought or sold at any time based on prices that are determined on a daily basis, and which have no material interest or risk. Marketable securities are comprised of shares of mutual funds mostly invested in underlying monetary assets, bonds and long-term government bonds. Marketable securities are valued at a cost, which is the lower of the first in/first out method or market value.

Property, plant and equipment

Property, plant and equipment are measured at cost. Depreciation is recognized in the income statement according to the probable useful lives, as follows:

Type of asset	Depreciation method	Period
Buildings	Straight-line	20-50 years
Fixtures and fittings	Straight-line	10-20 years
Machinery and equipment (machinery and laboratory equipment)	Straight-line	5-15 years
Office equipment and furniture	Straight-line	5-10 years
IT equipment	Straight-line	3-5 years

Share issue costs

Share issue costs are charged to share premiums.

Research and development costs

Expenses for applied research and development include the direct and indirect costs incurred on the projects, excluding any allocation of general and administrative expenses. The direct and indirect costs refer primarily to the salaries of researchers and research technicians, the depreciation expense on assets used and on the cost of materials and other services used.

Research costs are recognized as an expense on the income statement for the period in which they are incurred. Development costs are capitalized when the required conditions are met.

The Company believes that the costs incurred in developing its pharmaceutical products are equivalent to research costs until a marketing authorization request is filed with regulatory authorities. After that, they are considered to be development costs. No Company product received a marketing authorization in 2021.

Other intangible assets

Intangible assets mainly comprise licenses, acquired patents and computer software.

Type of intangible asset	Depreciation method	Period of depreciation
Computer software and licenses	Straight-line	1-5 years
Patents acquired	Straight-line	5 years

Equity securities

Investments in non-consolidated companies are recorded at cost and depreciated, as needed, if their carrying value exceeds their recoverable amount as estimated by the Company. At each closing date, the Company performs an impairment test.

Investments in non-consolidated companies

Equity securities are recorded at cost and depreciated, as needed, if their carrying value exceeds their recoverable amount as estimated by the Company. At each closing date, the Company performs an impairment test.

Other financial assets

Other financial assets are comprised of deposits and guarantees regarding property rentals and the holdback related to the assignment of debt under the research tax credit and the competitiveness and job creation tax credit. Deposits and guarantees are measured at cost and depreciated as needed to reflect their net realizable value. The Company uses a liquidity contract with a banking partner, Natixis Oddo BHF SCA, which makes €500 thousand available.

Prepaid expenses and other current assets

Prepaid expenses and the other current assets are measured at cost and may be impaired to reflect their net realizable value.

Provisions for contingencies and charges and provisions for pensions and other post-employment benefits

Provisions are recorded to cover contingencies and charges arising in the course of our business. With regard to provisions for pensions and other post-employment benefits, in particular, the rights acquired by serving employees are estimated according to actuarial evaluations, taking into account mortality rates, future salary levels and the probability of employees remaining with the Company until retirement.

Until 2020, the Company recognized actuarial gains and losses using the corridor method. In accordance with the new valuation method specified by the IFRIC with respect to calculating commitments relating to certain defined benefit plans, the Company has decided to align its commitments with those of the consolidated financial statements.

Conditional advances

Conditional advances are only reimbursed if the research and development projects that they finance are successful, according to criteria set out in advance with the financing body. These advances are recognized in *Financial liabilities*.

Conditional advances received under the ADNA program are recorded based on the discounted expected future reimbursements. The reimbursement of advances is subject to the fulfillment of a revenue threshold on the product TG4001 predetermined for the following five years, and in proportion to the revenue from this product until a reimbursement ceiling is reached, or up until 2035.

The Company regularly evaluates direct and indirect revenue linked to the product to estimate future cash flows from the reimbursement of advances. This revenue is evaluated based on business plan that has been discounted for this product and by a applying a comparable rate for this type of debt. The impact of this regular re-estimate is recorded in Net financial costs at the end of the fiscal year.

The main assumptions reviewed in the product business plan are as follows:

- schedule for the development and marketing of the product;
- probability of success of the clinical phases;
- targeted market and market penetration rate, treatment price;
- schedule and financial terms of a development and marketing partnership (payment on signature, payment based on milestones, royalties); and
- discounted cash flow rate.

If the valuation of the payable is less than the amounts actually collected, the recorded payable is equal to the amounts collected, as long as the Company has not obtained the agreement of the organization to forgive all or part of this payable.

Foreign exchange

Cash liquidity in foreign currencies is converted into euros at the exchange rate on the reporting date. The resulting conversion differences are recognized in the income statement.

Receivables and payables in foreign currencies are converted into euros at the exchange rate on the reporting date. The resulting conversion differences are recognized under "exchange rate gains/losses" on the balance sheet (under assets for unrealized losses, under liabilities for unrealized gains).

Unrealized losses are booked in a provision for risks under expenses for the year in provisions for risks and financial expenses.

The Company does not have a foreign currency hedging instrument.

Income tax expense

Income tax expenses correspond to taxes due calculated at the standard rate in use at year-end, taking into account the research tax credit.

The underlying tax position is calculated on the basis of the differences between the tax values and carrying amount of assets and liabilities presented in the balance sheet. These differences are determined according to the tax provisions and discounted tax rates when these differences are inverted.

Tax Credit for Competitiveness and Employment (CICE)

This tax arrangement was stopped in 2019.

Since the tax situation of the Company does not make it possible to deduct the tax credit from any taxable profits for the period, this CICE receivable will not be paid by the State until the end of the following three fiscal years.

Transgene received bank pre-financing for this receivable in 2018, and the proceeds on this asset were used to renew the Company's working capital.

NOTE 2 CHANGE IN ACCOUNTING METHODOLOGY

When assessing employee benefits, the company took into account the impacts of the IFRIC agenda decision made in April 2021 and the amendment of the ANC recommendation on November 5, 2021. This involved taking the levels of vesting of rights and their ceilings into account in the rate of benefit recognition. The impact as at December 31, 2021 represents a decrease in the benefit, recognized as retained earnings.

The impact of this method change was estimated at €388 thousand and was recognized as retained earnings at January 1, 2021

NOTE 3 OPERATING INCOME

REVENUE

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Research and development services	2,929	2,988
Licenses	7,064	(7)
Other income from ancillary activities	3,562	2,542
TOTAL	**13,555**	**5,523**

In April 2019, the Company entered into a collaboration agreement with AstraZeneca with exclusive licensing options to co-develop oncolytic immunotherapies derived from the Invir.IO™ platform. In the first half of 2019, Transgene thus received €8.9 million (US$10 million) in fees for access to its platform. Pursuant to French accounting principles and inasmuch as Transgene has not transferred control of a pre-existing intellectual property and as AstraZeneca receives the benefits of the licensed rights as and when the Research Plan is carried out, this initial payment is recognized in income against the progress of the associated activities and measured against the costs incurred by Transgene to carry out its contractual obligations. This agreement provides for additional revenue as and when preclinical milestones are

met. Transgene is eligible to receive an option exercise payment on each candidate in the event AstraZeneca exercises one or several license options, as well as development and commercial milestones and royalties.

The assumptions used by Management in the measurement of revenue related to the initial payment primarily concern:

- the number of candidates to be developed;
- the schedule for the development of candidates;
- the estimated costs of the salaries and consumables related to the development of the candidates.

As at December 31, 2021, Transgene re-estimated the overall budget and its progress. The income related to the initial payment recognized at December 31, 2021 was assessed on the basis of this revised budget and program progress. The Company may receive up to US$1.5 million for the delivery of these candidates.

Over the period, the income recognized under this collaboration agreement was €9,921 thousand. This amount corresponds for €7,063 thousand to the exercise of a first licensing option by AstraZeneca in December 2021 for an oncolytic virus developed by Transgene. It also corresponds to €1,231 thousand in recognition of the initial payment for the activity carried out during the period. The €1,778 thousand balance not recognized at this time was recorded in Prepaid income at December 31, 2021 (Note 20). The Company also received €1,627 thousand for the production of batches and R&D services

Other income from ancillary activities corresponds to development costs re-invoiced to BioInvent and NEC under the co-development agreements signed between Transgene and these partner companies.

NOTE 4 FINANCIAL INCOME/(LOSS)

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
FINANCIAL INCOME		
Income from other securities and fixed asset receivables	4	3
Interest and related income	81	65
Reversals of provisions and transfers of expenses	7	212
Positive exchange rate differences	334	866
Total financial income	**426**	**1,146**
FINANCIAL EXPENSE		
Financial amortization and provisions	(3)	(105)
Interest and related expenses	(390)	(1,293)
Negative exchange rate differences	(459)	(904)
Total financial expenses	**(852)**	**(2,302)**
FINANCIAL INCOME/(LOSS)	**(426)**	**(1,156)**

Interest and related expenses involved:

- bank interest on the financing of the 2020 RTC (€225 thousand);
- bank interest on the Natixis credit facility (€152 thousand).

The positive and negative exchange rate differences are mainly related to the payment received on the disposal of Tasly BioPharmaceuticals shares in September 2021 upon the sale of 49% of these shares. The Company used a currency hedging instrument that hedged the impact of the change in the US dollar exchange rate.

As of December 31, 2021, ADNA payable has not changed as expected repayments remain lower than the amounts received.

NOTE 5 EXTRAORDINARY INCOME/(LOSS)

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
EXTRAORDINARY INCOME		
Extraordinary income on management operations	34	1,609
Extraordinary income on equity operations	17,695	19,965
Reversals of provisions and transfers of expenses	464	2,080
Total extraordinary income	**18,193**	**23,654**
EXTRAORDINARY EXPENSES		
Extraordinary expenses on management operations	-	(500)
Extraordinary expenses on equity operations	(12,700)	(18,355)
Provisions and transfers of expenses	-	-
Total extraordinary expenses	**(12,700)**	**(18,855)**
EXTRAORDINARY INCOME/(LOSS)	**5,493**	**4,799**

In September 2021, the Company sold 49% of its shares in Tasly BioPharmaceuticals for €17,485 thousand. This disposal generated exceptional proceeds of €4,788 thousand.

In July 2020, the Company sold 38% of its shares in Tasly BioPharmaceuticals for €19,202 thousand. This sale generated exceptional proceeds of €3,655 thousand and exceptional expenses on transaction costs of €901 thousand.

In 2020, exceptional income on management transactions mainly corresponds to the reversal of a provision of €1 million on the ElsaLys Biotech SA receivable. During the first half of 2020, Transgene and all shareholders of ElsaLys Biotech SA reached an agreement on the acquisition of ElsaLys Biotech SA by the Italian company Mediolanum Farmaceutici. The deed of sale of ElsaLys Biotech SA shares to Mediolanum Farmaceutici stated that the Company would recover €599 thousand excluding tax, of which €500 thousand would be recovered over a period of 36 months, without interest, in 12 quarterly installments, and the Company had waived 50% of its claim for the TG3003 product (€500 thousand in exceptional expenses on management transactions). In return, the Company received compensation from former shareholders related to this debt waiver in the amount of €457 thousand, 75% of this amount being paid immediately and 25% payable by 2025.

During this transaction, the equity securities of ElsaLys Biotech SA held by Transgene were sold for €309 thousand and the provision of €1,694 thousand on the shares held was reversed.

In 2014, the Company sold the equity securities that it held in Jennerex, Inc. to SillaJen. This sale resulted in a sale price broken down into a fixed portion payable at the signing of the sale and a variable portion consisting of earn-outs. In the absence of payment by SillaJen of the earn-outs due since 2018, Fortis, which represents the former shareholders of Jennerex Inc., decided to institute legal proceedings in Delaware, USA. At the end of 2020, the representative of the former shareholders entered into an agreement with SillaJen, terminating SillaJen's commitments to pay additional earn-outs. This agreement enabled the Company to obtain compensation in the amount of €219 thousand and end the legal proceedings in the United States.

NOTE 6 CASH AND MARKETABLE SECURITIES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Cash	5,846	5,210
Marketable securities	8	8
TOTAL	**5,854**	**5,218**
Unrecognized unrealized gains or losses	-	-

In 2021, marketable securities were composed of short-term money market fund units.

NOTE 7 TRADE RECEIVABLES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Invoices issued, gross	7,988	422
Invoices to be issued, gross	2,145	1,245
Provisions for impairment	-	-
NET TOTAL CUSTOMERS	**10,133**	**1,667**

At December 31, 2021, trade receivables mainly concern AstraZeneca receivables for an amount of €8,091 thousand, of which €7,063 thousand related to the exercise of the license option in December 2021 for an oncolytic virus developed by Transgene.

Trade receivables also include receivables from our co-development partners NEC for €1,322 thousand and BioInvent for €504 thousand.

NOTE 8 OTHER RECEIVABLES

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Institut Mérieux centralized cash (cash pool)	43,658	21,077
Accrued credit notes (trade credit)	48	14
Employee benefits expense	33	28
Other receivables, non-current portion	388	894
VAT credit and tax credit	571	337
VAT on accrued invoices	187	51
TOTAL OTHER RECEIVABLES	**44,885**	**22,401**

Contractually, investments made by the Company as part of the centralized cash management at Institut Mérieux are liquid within a maximum period of four business days and bear interest based on a rate equal to Euribor +0.25% when Institut Mérieux is in a net borrowing position at the Group level and to Euribor when Institut Mérieux is in a net surplus at the Group level.

NOTE 9 ACCRUED INCOME

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Accrued income - customers	2,145	1,245
VAT credit and tax credit	571	337
VAT on accrued invoices	224	130
Social organizations - income receivable	5	1
Other accrued income	14	15
TOTAL ACCRUED INCOME	**2,959**	**1,728**

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	Dec. 31, 2020	Increase	Decrease	Dec. 31, 2021
ACQUISITION COSTS				
Land	584	-	-	584
Buildings and fixtures	2,324	188	(1)	2,511
Laboratory equipment	10,267	341	(211)	10,397
Office and computer equipment	1,652	81	(59)	1,674
Assets in progress	65	405	(368)	102
Total	**14,892**	**1,015**	**(639)**	**15,268**
DEPRECIATION AND PROVISIONS				
Buildings and fixtures	(722)	(166)	1	(887)
Laboratory equipment	(7,000)	(1,179)	210	(7,969)
Office and computer equipment	(1,477)	(70)	57	(1,490)
Assets in progress	-	-	-	-
Total	**(9,199)**	**(1,415)**	**268**	**(10,346)**
NET TOTAL PROPERTY, PLANT AND EQUIPMENT	**5,693**	**(400)**	**(371)**	**4,922**

At December 31, 2021, and taking into account its future use, the Company fully depreciated the equipment acquired in 2015 and stored on the Genzyme Polyclonals site for €682 thousand.

NOTE 11 INTANGIBLE ASSETS

(in € thousands)	Dec. 31, 2020	Increase	Decrease	Dec. 31, 2021
ACQUISITION COSTS				
Licenses and acquired patents	1,788	-	-	1,788
Other intangible assets	1,458	24	(3)	1,479
Assets in progress	9	1	(10)	-
Total	**3,255**	**25**	**(13)**	**3,267**
DEPRECIATION AND PROVISIONS				
Licenses and acquired patents	(1,752)	(17)	2	(1,767)
Other intangible assets	(1,362)	(49)	3	(1,408)
Total	**(3,114)**	**(66)**	**5**	**(3,175)**
NET TOTAL PROPERTY, PLANT AND EQUIPMENT	**141**	**(41)**	**(8)**	**92**

NOTE 12 FINANCIAL ASSETS

(in € thousands)	Dec. 31, 2020	Increase	Decrease	Dec. 31, 2021
Equity securities				
▪ Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd.	100	-	-	100
▪ Transgene, Inc.	23	-	-	23
▪ Access Investment, Inc.	29	-	-	29
Total gross equity securities	**152**	**-**	**-**	**152**
Impairments on equity securities	(29)	-	-	(29)
Total net equity securities	**123**	**-**	**-**	**123**
Guarantees and deposits	1,831	534	(292)	2,073
Vaxxel SAS shares	118	-	-	118
Tasly BioPharmaceuticals securities	25,911	-	(12,696)	13,215
TOTAL FINANCIAL ASSETS	**27,983**	**534**	**(12,988)**	**15,529**

Equity securities

Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd.

In February 2020, the subsidiary Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd was created with an investment of €100 thousand.

Transgene, Inc.

The Company has an investment in Transgene, Inc. in the amount of €23 thousand.

Access Investment, Inc.

The Company has an investment in Access Investment, Inc. in the amount of €29 thousand. This investment is fully depreciated.

Guarantees and deposits

Guarantees and deposits consist largely of holdbacks related to the financing of the RTCs and the CICE. The increase of €534 thousand in 2021 mainly corresponds to the guarantee for the transfer of the 2020 RTC receivable (€318 thousand). The decrease of €292 thousand in 2021 mainly corresponds to the repayment of the guarantee for the assignment of the 2017 RTC receivable (€270 thousand).

Investments in non-consolidated companies

Tasly BioPharmaceuticals

The €13,215 thousand of non-consolidated equity securities without significant influence refer to the shares in Tasly BioPharmaceuticals obtained in July 2018 in exchange for the rights held in the Transgene Tasly (Tianjin) BioPharmaceutical Co. Ltd. joint venture and the rights to the product TG1050 for Greater China.

On September 22, 2021, the Company sold 49% of the shares it held, resulting in a decrease in net value of €12,696 thousand. Transgene holds 8.7 million shares of Tasly BioPharmaceuticals, *i.e.* 0.8% of its capital, for a carrying amount of €13,215 thousand at December 31, 2021. Based on the sale price of the shares in September 2021, these shares would have a value of €18,395 thousand. As a result of this transaction in particular, the shareholder agreement was amended in December 2021. This new agreement now states that the commitment to repurchase Transgene shares by a holding company of the Tasly Group will be triggered in the absence of an IPO on the Shanghai Stock Exchange on September 30, 2022. As of December 31, 2021, the Company does not intend to dispose of Talsy BioPharmaceuticals shares in the short term, due to its ongoing IPO process of Tasly Biopharmaceuticals. Once the IPO is completed, the Company will not be able to sell the shares held during a one-year post-IPO holding period.

In order to corroborate the fair value of the shares as of December 31, 2021 against the sale price recorded at the time of the September 2021 sale transaction and to ensure that this price remains representative of the fair value of the shares as of December 31, 2021, the Company has had the model used, as well as the assumptions as of the closing date, reviewed and updated by an independent consulting firm, on the basis of the elements related to the September 2021 transaction and the information provided by Tasly BioPharmaceuticals, including the annual financial statements as of December 31, 2020. This independent analysis confirms the appropriateness of the fair value retained at December 31, 2021.

The main assumptions taken into account by management in assessing value in use as of December 31, 2021 are based on assumptions obtained from Tasly BioPharmaceuticals and concern:

- the estimate of the future cash flows that will be generated by the companies held and notably by the products being developed;
- the probable technical success of the products being developed and their approval by the regulatory authorities;
- the market potential for these products being developed;
- the value of the shares in accordance with to the latest capital transactions;
- the discount rate used by management.

This analysis confirms that there was no impairment of the shares at December 31, 2021 and therefore no impairment allowance. In the event of a 10% decline in the yuan, no impairment would be recognized.

Vaxxel SAS

In exchange for the rights to the DuckCelt®-T17 cell line, The Company acquired an equity investment in Vaxxel SAS for €118 thousand. A refinancing operation during the year 2021 and recent discussions with management confirms that no impairment loss is to be recognized.

NOTE 13 EQUITY

General information

Transgene completed a €34,128,500 capital increase in June 2021. This transaction resulted in the creation of 13,930,000 new shares at €0.50, *i.e.* an increase in share capital of €6,965,000. The balance of the capital increase was recorded as issuance premium for €27,163,500.

At December 31, 2021, the number of outstanding shares of Transgene was 97,771,334, representing a share capital of €48,885,667.

During 2021, the Boards of Directors authorized the allocation of 2,299,956 free shares.

Stock options

As of the date of this Registration Document, a stock option plan was authorized by the General Shareholders' Meeting in 2010 and implemented by the Board of Directors. No stock options have been awarded since 2012. The status of these plans at December 31, 2021, is summarized in the following table.

Allocation date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2021	Number of options remaining to be exercised at Dec. 31, 2021*
Dec. 13, 2012	Dec. 14, 2017	Dec. 14, 2022	7,859	92,578	-	41,532
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**41,532**

* *This amount includes adjustments, in terms of the number of options and the exercise price, in accordance with regulations, following the capital increases maintaining preferential subscription rights of shareholders conducted in 2016 and 2019.*

Free share plans

Five free share awards are outstanding as of December 31, 2021, adopted by the Board of Directors in 2019, 2020 and 2021 for all employees and executive corporate officers under a delegation granted by the General Meeting of May 22, 2019 and May 26, 2021.

The status of these unvested awards at December 31, 2021, is summarized in the following table:

	2021 PLAN			
General Meeting date	May. 26, 2021			
Total number of shares authorized by the Meeting	2,500,000			
	Grants 2021			
Board of Directors meeting date	May. 26, 2021			
Total number of free shares awarded	1,999,956			300,000
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	457,139			300,000
Of which the number of shares awarded to members of the Executive Committee	1,200,000			300,000
Of which awards granted, during the year by the issuer and by any company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	802,117			-
Of which the balance not yet vested at Dec. 31, 2021	1,975,266			300,000
Vesting date	May. 26, 2022	May. 26, 2023	May. 26, 2024	Jan. 1, 2024
Expiration date of the lock-up period	May. 26, 2022	May. 26, 2023	May. 26, 2024	End of contract
Value of the share on the award date	€2.95			€2.95

	2016 PLAN		2018 PLAN	2019 PLAN		
General Meeting date	May. 24, 2016		May. 23, 2018	May. 22, 2019		
Total number of shares authorized by the Meeting	600,000		1,200,000	2,000,000		
	2017 Grant	**2018 Grant**	**2019 Grant**	**2019 Grant**	**2019 Catch-up**	**2020 Grant**
Board of Directors meeting date	Mar. 17, 2017	Mar. 21, 2018	Mar. 20, 2019	Sept. 18, 2019	May. 27, 2020	Sept. 16, 2020
Total number of free shares awarded	183,000	220,600	414,800	1,399,774	5,934	601,682
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	31,000	34,600	77,500	350,000	-	150,000
Of which the number of shares awarded to members of the Executive Committee	72,000	104,600	192,000	840,000	-	360,000
Of which awards granted, during the year by the issuer and by any company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	49,400	85,000	628,236		223,620	

5

	2016 PLAN		2018 PLAN	2019 PLAN		
Of which the balance not yet vested at Dec. 31, 2021	-	-	-	1,309,994	5,934	565,704
Of which vested at Dec. 31, 2021	173,175	200,750	375,120	-	-	-
Vesting date	Mar. 17, 2019	Mar. 21, 2020	Apr. 20, 2020	Mar. 30, 2022	Apr. 30, 2022	Mar. 30, 2022
Expiration date of the lock-up period	Mar. 17, 2021	Mar. 21, 2022	Apr. 20, 2021	Mar. 30, 2022	May. 27, 2022	Sept. 16, 2022
Value of the share on the award date	€2.63	€3.15	€2.98	€1.78	€1.47	€1.35

Grant conditions:

- Three-year grant of May 26, 2021: half of the awards to members of the Executive Committee is subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the final allocation date of each tranche, which will be assessed by the Board approving the closing of the annual financial statements for the fiscal year 2021, 2022 or 2023 as the case may be;
- Welcome grant of May 26, 2021: this allocation of free shares to the Chairman-Chief Executive Officer is subject to a presence condition recorded on January 1, 2024, and a holding obligation until the end of the contract;
- September 2019 grant: the shares are definitively granted 30 months after their allocation to employees who are still with the Company. The Executive Committee received 840,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions will be assessed in March 2022;
- May 2020 grant: the shares are vested 22 months after their award to employees who are still with the Company;
- September 2020 grant: the shares are vested 18 months after their award to employees who are still with the Company. The Executive Committee received 360,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions will be assessed in March 2022.

As at December 31, 2021, the bonus shares awarded and not issued represent a potential dilution of 4,307,606 shares; the shares and options awarded and not exercised represent a potential dilution of 41,532 shares, giving a total of approximately 4.4% of the Company's share capital.

The provision covering URSSAF contributions related to free shares amounted to €1,215,000 as at December 31, 2021 and was valued on the basis of the Transgene share price as at December 31, 2021.

Changes in equity

(in € thousands)	Capital stock	Premiums	Reserves	Retained earnings	Result	Statutory provisions	Equity
As of Dec. 31, 2020 published	**41,921**	**31,072**	**1,951**	**(16,972)**	**(20,116)**	**-**	**37,856**
Change in accounting method for retirement benefit provision	-	-	-	388	-	-	388
Adjusted situation at January 1, 2021	**41,921**	**31,072**	**1,951**	**(16,584)**	**(20,116)**	**-**	**38,244**
Increase of share capital	6,965	26,377	-	-	-	-	33,342
Free share awards	-	(1,150)	1,150	-	-	-	-
Share capital reduction	-	-	-	-	-	-	-
Net income/(loss) 2020	-	-	-	(20,116)	20,116	-	-
Net income/(loss) 2021	-	-	-	-	(17,006)	-	(17,006)
At Dec. 31, 2021	**48,886**	**56,299**	**3,101**	**(36,700)**	**(17,006)**	**-**	**54,580**

NOTE 14 CONDITIONAL ADVANCES

ADNA

At December 31, 2021, conditional advances referred to conditional advances received under the ADNA ("Advanced Diagnostics for New therapeutic Approaches") program, which receives public financing from Bpifrance to develop the TG4001. This program ended on December 31, 2016. Transgene received a total of €15,942 thousand of conditional advances under this program.

As at December 31, 2021, the liability consisting of conditional advances in the Company's balance sheet amounts to €15,942 thousand. At closing, the Company re-values its conditional advances received under the ADNA program based on the discounted expected future reimbursements as described in Note 1 to the Annual financial statements. As of December 31, 2021, ADNA payable has not changed as expected repayments remain lower than the amounts received.

NEOVIVA

Under the NEOVIVA program, signed in March 2019, Transgene could receive conditional advances of €2.4 million.

At December 31, 2021, the Company had received €1,495 thousand conditional advances.

NOTE 15 FINANCIAL LIABILITIES

Financing of tax credits

For the past three years, the Company has signed research tax credit assignment contracts for the 2018, 2019 and 2020 RTC with a credit institution and no longer has any receivables from the State. As this type of contract is deconsolidating, no liability is recognized for this financing received (up to 95%).

The Company has a debt to a credit institution for the financing of the CICE 2018, representing a debt of €114 thousand, compared to €225 thousand last year, the CICE 2017 having been repaid during 2021.

Natixis credit facility

In April 2019, the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down on one or more occasions. Transgene was to pledge the shares held in Tasly BioPharmaceuticals. An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following the sale of 38% of the Tasly BioPharmaceuticals shares in July 2020. Following the second sale of Tasly BioPharmaceuticals shares in September 2021, the credit facility was canceled completely, in accordance with the terms of the agreement. The Company had not drawn down on this credit facility.

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Financing of CICE	114	232
Interest on bank loan	-	45
Other	1	-
TOTAL FINANCIAL LIABILITIES	**115**	**277**

NOTE 16 PROVISIONS FOR RISKS AND EXPENSES

(in € thousands)	Dec. 31, 2020	Retained earnings	Provisions	Reversals not applicable	Use of the provision	Dec. 31, 2021
Exchange rate differences	4	-	-	(4)	-	-
Provision for expenses	511	-	1	(360)	(104)	48
Pension obligations	4,448	(388)	761	-	(863)	3,958
PROVISIONS FOR RISKS AND EXPENSES	**4,963**	**(388)**	**762**	**(364)**	**(967)**	**4,006**

As of December 31, 2020, the provision for expenses corresponded to the costs remaining to be incurred for the ongoing clinical trial with TG4010, which was halted at the end of 2019. Of this provision, €104 thousand was used in fiscal year 2021.

The Company reviewed the remaining costs to be incurred on this project and has decided to write back €360 thousand.

The above provisions for retirement benefit obligations correspond to the estimated current value of the share capital equivalent to accrued future payments, depending on length of service and level of compensation when an employee retires, on the basis of the following actuarial calculation assumptions at December 31, 2021:

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.90%	0.60%
Rate of future salary increases	3.00%	1.50%
Retirement age:		
▪ managers	65 years	65 years
▪ non-managers	63 years	63 years

The provision entered on the balance sheet concerns only retirement payments for serving employees.

The following table summarizes the conditions and amounts of actuarial pension obligations at December 31, 2021:

	Dec. 31, 2021	Dec. 31, 2020
CHANGE IN THE VALUE OF COMMITMENTS		
Projected benefit obligation at January 1	**4,448**	**4,427**
Impact of change in valuation method on provision for retirement benefits	(388)	-
Cost of services rendered for the year	294	281
Cost of discounting	22	33
Change in assumptions	433	104
Reductions/terminations	-	-
Actuarial (gain)/loss	12	(49)
Benefits paid during the year	(863)	(270)
Projected benefit obligation for retirement	**3,958**	**4,526**
Unrecognized actuarial losses	-	(78)
Unrecognized past service cost	-	-
Total unrecognized items	-	-
PROVISIONS FOR PENSIONS	**3,958**	**4,448**

NOTE 17 EXPENSES PAYABLE

(in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Suppliers-accrued invoices	5,307	3,692
Personnel and related accounts	779	809
Social security and other organizations	814	855
VAT collected and on invoices to be issued	16	14
Other expenses	-	45
TOTAL EXPENSES PAYABLE	**6,916**	**5,415**

NOTE 18 ACCRUED CHARGES AND DEFERRED INCOME

Deferred revenue and expenses relate exclusively to items recognized under operations.

NOTE 19 AFFILIATED COMPANIES

Transgene signed a cash pooling agreement with Institut Mérieux. The cash and cash equivalents placed in the Institut Mérieux cash pool amounted to a receivable of €43.7 million at December 31, 2021; the resulting interest income was €68 thousand at December 31, 2021.

The table below does not include these cash items.

	2021	
(in € thousands)	**Receivables**	**Payables**
ABL Europe SAS	-	743
bioMérieux SA	-	-
Institut Mérieux	-	9
Mérieux Université	-	7
Thera Conseil	-	6
Transgene, Inc.	-	31
Transgene Shanghai	-	83
TOTAL	**-**	**879**

	2021	
(in € thousands)	**Revenue**	**Expenses**
ABL Europe SAS [(1)]	221	3,643
bioMérieux SA	-	1
Institut Mérieux [(2)]	-	270
Mérieux Université	-	7
Thera Conseil	-	5
Transgene Inc. [(3)]	-	377
Transgene Shanghai [(4)]	-	309
TOTAL	**221**	**4,612**

(1) The revenue corresponding to the rent re-invoicing contract for hosting test labs. Expenses related to the agreements for production services provided by ABL Europe and to leases of premises in Lyon.
(2) Expenses related to the agreements for services provided by Institut Mérieux.
(3) Expenses related to the re-invoicing of Transgene, Inc. services and staff.
(4) Expenses correspond to the re-invoicing of services of Transgene, Shanghai.

NOTE 20 MATURITIES OF RECEIVABLES AND PAYABLES

Receivables *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year**
Other financial assets	2,073	307	1,766
Trade receivables	10,133	10,133	-
RTC and CICE	7,136	109	7,027
Government, VAT and other local authorities	758	758	-
Personnel and related accounts	33	33	-
Prepaid expenses	1,652	1,376	276
Research and development grants	24	24	-
Other receivables	436	199	237
TOTAL RECEIVABLES	**22,245**	**12,939**	**9,306**

Payables *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year and less than or equal to five years**	**More than five years**
Conditional advances	17,437	-	1,495	15,942
Financing of tax credits	114	114	-	-
Trade payables	7,775	7,775	-	-
Pension obligations	3,958	228	1,031	2,699
Accrued employee benefits and tax expense	4,466	4,466	-	-
Prepaid income	1,813	972	841	-
Other liabilities	10	10	-	-
TOTAL LIABILITIES	**35,573**	**13,565**	**3,367**	**18,641**

NOTE 21 INCOME TAX

Current taxes

Research tax credit (RTC)

In 2021 the RTC was €7,027 thousand (*versus* €6,352 thousand in 2020). This tax credit will be reimbursed by the tax authorities in 2025.

In June 2021, the Company signed an agreement to sell a research tax credit to a banking institution. The Company thereby received €6,034 thousand for the 2020 RTC (representing 95% financing) and no longer has a credit with the French government. This financing contract is classified as deconsolidating, and no debt is recognized for the financing received.

Deferred taxes

At December 31, 2021, Transgene had tax loss carryforwards in France (indefinitely carryable) totaling €754,627 thousand.

NOTE 22 EXECUTIVE COMPENSATION AND OBLIGATIONS

Directors' compensations amounted to €232 thousand. In 2021.

The Company paid no compensation to TSGH and its permanent representative.

Hedi Ben Brahim, Chairman and Chief Executive Officer of Transgene, has been mainly employed by the Company since January 1, 2021. As of December 31, 2021, he was also an employee of Institut Mérieux.

In 2021, the Company paid its Chairman and Chief Executive Officer, Hedi Ben Brahim, gross compensation of €224 thousand (no variable compensation).

Hedi Ben Brahim received gross compensation from Institut Mérieux of €161 thousand in 2021, of which €100 thousand was variable compensation and €4 thousand in benefits in kind – vehicle.

In 2021 the Company paid to the Responsible Pharmacist acting as Deputy CEO, Christophe Ancel, total compensation amounting to €172 thousand (*versus* €152 thousand in 2020), including €42 thousand in variable compensation (*versus* €32 thousand in 2020) and €5 thousand in benefits in kind – vehicle, as in 2020.

The Company paid a gross amount of €1,965 thousand in compensation to its Executive Committee in 2021.

No advances or credits were allocated to executives.

NOTE 23 OFF-BALANCE SHEET COMMITMENTS

In December 2008, Transgene invested in a building housing labs and offices on the Illkirch site, in the suburbs of Strasbourg. Land and construction costs for the 6,900 sq.m. building totaled €15.6 million. This investment was financed by a 15-year finance lease, signed with a banking consortium in October 2007, with a residual value of €1.1 million. The first lease payment was made on January 1, 2009.

The table below summarizes the main residual obligations of the Company under this contract:

(in € thousands)	2021	2020
Property leasing:		
▪ outstanding charges	1,995	2,929
▪ residual purchase price	1,094	1,094

Under the terms of the real estate financing lease for the acquisition of its administrative and research building in Illkirch, Transgene has a pledge granted by Banque Populaire to Alsabail, one of the lessors, for an amount of €1.6 million. In the first six months of 2009, the Company proceeded with partial coverage of the interest rate risk related to this financing, according to the following terms:

- nominal value: €5.9 million (depreciable);
- hedging instrument: interest rate swap contract;
- residual maturity: 2 years;
- underlying rate: 3-month Euribor;
- fixed rate: 3.46%.

As the hedge is perfect, the variations in market value for the instrument are recognized at net value. At December 31, 2021, the market value of this hedging instrument was €51 thousand. The market value is the amount that the Company would have had to pay if it decided to liquidate the hedge at December 31, 2021.

Transgene has also been leasing premises from ABL Europe for its Lyon teams since 2019. The Company paid rent of €233 thousand to ABL Europe for the new premises.

The table below summarizes key financial commitments made by the Company:

	Payments due by period			
(in € thousands)	Gross amount	One year or less	From one to five years	More than five years
Finance lease obligation (real estate)	3,045	947	2,098	-
Finance lease obligation (non-real estate)	665	314	351	-
TOTAL	**3,710**	**1,261**	**2,449**	**-**

Transgene is also bound by contracts with subcontractors. That could have an impact over several accounting periods. As of December 31, 2021, the Company estimated the current value of its financial commitments under these agreements to be approximately €29 million.

Under licensing or option agreements, third parties have promised to make milestone payments or pay royalties to the Company that are dependent upon future events whose probability remains uncertain as of the reporting date. The Company has promised, with respect to a number of third parties, to pay royalties or milestone payments under collaboration or licensing agreements that are dependent upon future events whose realization remains uncertain as of the reporting date.

As part of the agreements with Tasly BioPharmaceuticals in July 2018, Transgene had received 27.4 million shares in this company, *i.e.*, 2.53% of its capital. At the time of the transaction, the assets contributed by Transgene were valued by the parties at US$48 million, and the unit price of the shares received was that negotiated by the institutional funds during a capital increase. On this occasion, Transgene, the institutional funds, Tasly BioPharmaceuticals and its parent company Tasly Holding Group have signed a shareholders' agreement to frame their relations. In addition to the usual provisions such as a right of first refusal in the event of assignment by a shareholder, Tasly Holding Group undertook to repurchase the shares subscribed by Transgene in the event of no IPO within a predefined period, at the initial subscription price plus an annual contractual rate. In July 2020, the Company had sold 10.3 million Tasly BioPharmaceuticals shares. Following this transaction, Transgene held 17.1 million shares of Tasly BioPharmaceuticals, representing 1.58% of its share capital, valued at approximately US$36.9 million. In September 2021, the Company sold 49% of its remaining shares (representing 8.4 million shares). Following this new sale, the Company now holds 8.7 million Tasly BioPharmaceuticals shares. As a result of this transaction in particular, the shareholder agreement was amended in December 2021. This new agreement now states that the undertaking to repurchase Transgene shares by a holding company of the Tasly Group will be triggered in the absence of an IPO on the Shanghai Stock Exchange of Tasly BioPharmaceuticals by September 30, 2022.

In addition to the usual provisions such as a right of first refusal in the event of assignment by a shareholder, Tasly Holding Group undertook to repurchase the shares subscribed by Transgene in the event of no IPO within a predefined period, at the initial subscription price plus an annual contractual rate. In July 2020, the Company had sold 10.3 million Tasly BioPharmaceuticals shares. Following this transaction, Transgene held 17.1 million shares of Tasly BioPharmaceuticals, representing 1.58% of its share capital, valued at approximately US$36.9 million. In September 2021, the Company sold 49% of its remaining shares (representing 8.4 million shares). Following this new sale, the Company now holds 8.7 million Tasly BioPharmaceuticals shares. As a result of this transaction in particular, the shareholder agreement was amended in December 2021. This new agreement now states that the undertaking to repurchase Transgene shares by a holding company of the Tasly Group will be triggered in the absence of an IPO on the Shanghai Stock Exchange of Tasly BioPharmaceuticals by September 30, 2022

As at the date of this document, the Company has not made any material commitment (guarantees, collateral, etc.).

5

NOTE 24 WORKFORCE

The Company had 167 employees at December 31, 2021, *vs.* 164 at December 31, 2020.

	Men	Women	Total *
Managers	45	70	115
Non-managers	17	35	52
TOTAL	**62**	**105**	**167**

* *Including 143 open-ended contracts at Dec. 31, 2021.*

NOTE 25 IDENTITY OF THE CONSOLIDATING ENTITY

The Company's financial statements were fully consolidated by Compagnie Mérieux Alliance, 17, rue Bourgelat, 69002 Lyon.

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 27 PREMIUMS AND RESERVES

The distribution options offered by the accumulated premiums and reserves were as follows:

(in € thousands)	Total	Reimbursable or available for distribution	Not available for distribution
Premiums	56,299	56,299	-
Legal reserve	248	-	248
Unavailable reserve	2,853	-	2,853
TOTAL	**59,400**	**56,299**	**3,101**

NOTE 28 SUBSIDIARIES AND EQUITY INTERESTS

Financial information *(in local currency)*		Transgene, Inc. One Boston Place, Suite 4030 201 Washington Street BOSTON, MA 02108 USA	Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. No. 4633, Pu San Road, Pudong District, Shanghai PR CHINA
Share capital		US$30,000	¥768,630
Share capital other than capital		-	
Proportion of capital held *(in %)*		100%	100%
Carrying value of securities held *(in €)*	Gross	23,114	100,000
	Net	23,114	100,000
Loans and advances granted by the Company not yet reimbursed		None	None
Amount of guarantee and undertakings given by the Company		None	None
Revenues excl. tax of the previous fiscal year		US$450,766	¥2,262,896
Income (profits or losses for the previous fiscal year)		-	-
Dividends received during the year		None	None
Comments		-	-

NOTE 29 STATUTORY AUDITORS' FEES

	Ernst & Young et Autres				Grant Thornton			
	Amount (pre-tax)		%		Amount (pre-tax)		%	
(in € thousands)	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Audit	-	-	-	-	-	-	-	-
STATUTORY AUDITORS, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Issuer	83	85	87%	90%	63	51	100%	100%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
OTHER DUE DILIGENCE AND SERVICES DIRECTLY RELATED TO THE AUDIT								
Issuer	12	9	13%	10%	-	-	-	-
Fully consolidated subsidiaries	-	-		-	-	-	-	-
Sub-total	**95**	**94**	**100%**	**100%**	**63**	**51**	**100%**	**100%**
Other services provided by networks to fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Legal, tax and social	-	-	-	-	-	-	-	-
Other (specify if > 10% of the audit fees)	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
TOTAL	**95**	**94**	**100%**	**100%**	**63**	**51**	**100%**	**100%**

5

5.4 STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2021

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Transgene S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Transgene S.A. for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Observation

Without qualifying the opinion expressed above, we draw your attention to Note 2 of the financial statements relating to the change in accounting method related to the valuation of employee benefits in accordance with ANC recommendation.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of the recoverable amount of the shares held in company Tasly Biopharmaceuticals

Risk identified	Our response
In July 2018, your Company received shares from Tasly Biopharmaceuticals amounting to USD48m, in return, firstly, for the transfer of its investment in the joint venture which owned the T6002 rights, and secondly, for the transfer of the T1050 patent rights for Greater China. In July 2020, 38% of the shares held were sold. In September 2021, Transgene signed an agreement with the Chinese company Tasly Pharmaceutical Group Co., Ltd. for the sale of 8,399,999 shares held in the company Tasly Biopharmaceuticals. This transaction represents a sale of 49% of the shares held by Transgene as of June 30, 2021. The net value of the shares then held as of December 31, 2021 in the unlisted company Tasly Biopharmaceuticals appearing on your company's balance sheet amounts to MEUR 13. As stated in Notes 1, 5 and 12 to the financial statements, the valuation of the capitalized shares is based on an analysis according to the expected recoverable amount of the assets. The valuation of these shares requires Management to exercise judgment in its choice of elements to be taken into account, corresponding to forecasts. The main assumptions taken into account by Management in the measurement of value in use are based on assumptions obtained from Tasly Biopharmaceuticals and concern: • the estimate of the future cash flows that will be generated by the company held, notably by the products being developed; • the probable technical success of the products being developed and their approval by the regulatory authorities; • the market potential for these products being developed; • the value of the shares according to the latest capital transactions; • the discount rate used by Management. Your Company had an independent advisory firm review and update the model used and the assumptions at year-end, based on the information provided by Tasly Biopharmaceuticals. Impairment is recognized when the net carrying amount of this investment is higher than its recoverable amount. Any error in the assessment of the assumptions has an impact on the estimate of the recoverable amount. We considered the determination of the recoverable amount of the shares held to be a key audit matter as it involves significant exercise of judgment on the part of Management.	Our work consisted in reviewing the methods and assumptions used by your Company to determine the recoverable amount of the shares, in particular: • reviewing the transaction of September 2021 to assess whether it was representative of the fair value of a transaction between two independent parties; • comparing the valuation obtained based on the model and assumptions used as at December 31, 2021 with the recoverable amount at the time of the sale in September 2021; • including a specialist in our audit team to study the models and assumptions used by reviewing their consistency, first, with the budgets and forecasts used, and second, with our knowledge of the sector, acquired notably during interviews with Management and by comparison with similar projects conducted by other companies in the same sector of activity; • comparing the discount rate with our own estimate of this rate, established with the assistance of our valuation specialists and through the analysis of the various parameters. Lastly, we also assessed the appropriateness of the information disclosed in the notes to the financial statements, in particular the sensitivity analyses presented.

5

Measurement of revenue related to the collaboration agreement with AstraZeneca

Risk identified	Our response
In April 2019, your Company entered into a collaboration agreement with AstraZeneca with options for exclusive licenses to co-develop oncolytic immunotherapies using the Invir.IO™ platform. This agreement provides for the delivery of five candidates by your Company. Within this context, your Company received an initial payment of EUR8.9m (USD10m) for access rights to its platform during the first half of 2019. In May 4, 2020, an amendment was signed with AstraZeneca defining two new candidates to be developed. Consequently, your Company re-estimated the program's overall budget and progress as at December 31, 2020. Your company has also re-estimated the program's overall budget and progress as at December 31, 2021. As at December 31, 2021, the revenue in respect of the initial payment recognized under this collaboration represents EUR 1.2m. As stated in Notes 1 and 3 to the financial statements, the recognition of the revenue related to the initial payment is based on the progress made in the associated activities and measured according to the costs incurred. The measurement of the revenue requires Management to exercise judgment in its choice of the elements to be taken into account, corresponding to forecasts. The main assumptions taken into account by Management in the measurement of the revenue related to the initial payment notably concern: • the number of candidates to be developed; • the schedule for the development of the candidates; • the estimated costs of the salaries and consumables related to the development of the candidates. We considered the measurement of the revenue related to the collaboration agreement with AstraZeneca to be a key audit matter, as: • the measurement of the income recognized represents a material amount as at December 31, 2021; • the determination of the revenue requires the use of estimates and assessments, notably to measure the estimated costs of the salaries and consumables related to the development of the candidates. • the use of management judgement involved in its determination is significant. Any error in the assessment of these assumptions would have an impact on the estimation of the revenue to be recognized.	Our work consisted in reviewing the methods and assumptions used by Management to measure the revenue related to the initial payment. In particular, it consisted in: • analyzing the methods used to measure the estimated overall costs related to the agreement, including the measurement of personnel costs, the hours necessary to perform the studies and the costs of consumables, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management; • studying the valuation of the actual hours worked during financial year 2021 and the actual timesheets as at December 31, 2021; • assessing the consistency of the schedule for the development of candidates not yet performed in relation to the actual schedule for the first candidates, and on the basis of interviews with Management and the project manager. Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

Valuation of ADNA repayable advances

Risk identified	Our response
As at December 31, 2021, the value of the liability consisting of repayable advances recorded in your Company's balance sheet amounts to MEUR 15.94. At year-end, your Company re-values its repayable advances liability under the ADNA program based on the discounted flows of the expected repayments, as described in Notes 1 and 14 to the financial statements. The repayment of these advances is subject to the achievement of a certain threshold of revenue with the TG4001 product, and will be made based on a predetermined fixed amount over the following five years, and then in proportion to the revenue generated by this product until a repayment limit is reached or at the latest in 2035. The expected future repayment flows are thus estimated by Management based on the estimated future direct and indirect revenue generated solely by the TG4001 product being developed. The other assumptions used by Management to measure the repayable advances liability notably concern; • the probabilities of success of the clinical phases; • the timing and conditions of a partnership concerning the development and marketing of this product; • the discount rate used by Management. The measurement of the repayable advances liability therefore requires Management to exercise judgment in its choice of the elements to be taken into account, in particular as regards forecasts. Any error in the assessment of these assumptions would have an impact on the estimation of the debt to be repaid. We considered the measurement of the ADNA repayable advances to be a key audit matter as it involves significant exercise of judgment on the part of Management.	Our work consisted in reviewing the methods and assumptions used by your Company to measure the ADNA repayable advances. In particular: • we assessed the valuation model used and the assumptions adopted relating to the development of the TG4001 product, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management; • we compared the discount rate with our own estimate of this rate; • we reviewed the US dollar to euro rate used within the context of the valuation performed. Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chairman and Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditor

We were appointed as statutory auditor of Transgene S.A. by your Annual General Meeting held on May 24, 2016 for GRANT THORNTON and on May 29, 1996 for ERNST & YOUNG et Autres.

As at December, 31 2021, GRANT THORNTON was in its sixth year and ERNST & YOUNG et Autres in its twenty-sixth year of total uninterrupted engagement (including twenty-four years since the securities of the Company were admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon and Paris-La Défense, 6th April 2022

The Statutory Auditors

French original signed by

GRANT THORNTON
French Member of Grant Thornton International
Françoise Méchin

ERNST & YOUNG et Autres

Cédric Garcia Brigitte Barouky

5.5 PRO FORMA FINANCIAL INFORMATION

None.

6

INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6.1 SHARE CAPITAL

6.1.1 Amount of subscribed capital

€48,885,667 fully paid in at December 31, 2021, and €49,773,235 recognized as of the date of this Registration Document.

6.1.1.1 Number of shares issued

97 ,771, 334 shares at December 31, 2021, and 99 ,546,470 as of the date of this Registration Document, all of the same class and all fully paid up. No unpaid shares have been issued. The nominal value per share is €0.50.

6.1.2 Shares not representing capital

None.

The Company has no knowledge of pledges or other security interests related to its existing shares at March 31, 2022.

6.1.3 Shares held either by the Company itself, on its behalf or by its subsidiaries

In the framework of the liquidity contract, at December 31, 2021, 176,500 shares were held on behalf of the Company (see Section 6.6).

6.1.4 Convertible securities, exchangeable securities, or securities with warrants

None.

6.1.5 Conditions governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up, or any undertaking to increase the share capital

Capital authorized and not issued

At March 31, 2022, the number of shares that could be issued against outstanding stock options not yet exercised (41,532) and free share awards not yet vested (2 ,463 ,068) was 2 ,504 ,600 or around 5% of the Company's capital on a fully diluted basis (or 102,053,632 shares).

The following table shows the powers delegated to the Board of Directors by the Extraordinary General Meeting of May 26, 2021, and by the Extraordinary General Meeting of May 27, 2020, and the use the Board made of them as of the date of this Registration Document:

Nature of the delegation granted	Maximum amount of delegation and effective date	Amount used by the Board
Capital increase with preferential subscription rights for shareholders	41 million shares in one or more tranches Expiration: July 27, 2022	None
Capital increase without preferential subscription rights for shareholders	32 million shares in one or more tranches (included in the ceiling of 41 million shares) Expiration: July 27, 2022	None
Capital increase reserved for qualified investors or a restricted group of investors without preferential subscription rights in their favor	20% of share capital with a price not less than the average of the price of three trading sessions with a maximum discount of 5% Expiration: July 27, 2022	6,965,000
Setting the price of issuance of shares in the event of the waiver of preferential subscription rights in accordance with Article L. 225-136 1 paragraph 2 of the French Commercial Code	10% of share capital per year Expiration: July 27, 2022	None
Capital increase with cancellation of pre-emptive subscription rights to compensate share tenders, in the case of an exchange offer or contribution in kind applicable to company securities on company securities	10% of share capital Expiration: July 27, 2022	None
Capital increase with cancellation of pre-emptive subscription rights of shareholders for the benefit of categories of persons	32 million shares in one or more tranches (included in the ceiling of 41 million shares) Expiration: November 27, 2021	None
Award of free shares in the Company to Company and Group employees without preferential subscription rights	2.5 million existing or new shares Expiration: July 26, 2024	2 ,463 ,068

6.1.6 Information on the stock of any member of the Group subject to an option or a conditional or unconditional agreement to place it under option

None.

6.1.7 History of share capital

CHANGE IN EQUITY OVER THE PAST THREE YEARS

Fiscal year	Type of transaction	Number of securities	Capital increase *(in euros)*	Share issuance premium *(in euros)*	Total issue premiums *(in euros)*	**Amount of capital *(in euros)***
2019	Increase of share capital (2)	173,175	173,175	-	-	62,449,098
2019	Increase of share capital (1)	20,816,366	20,816,366	1.34	27,893,930	83,265,464
2020	Increase of share capital (2)	575,870	575,870	-	-	83,841,334
2020	Capital reduction (3)	83,841,334	(41,920,667)	-	-	41,920,667
2021	Increase of share capital (1)	13,930,000	6 965 000	1.95	27,163,500	48,885,667
2022 (1)	Increase of share capital (2)	1 ,775, 136	887, 568	-	-	49,773,235

(1) Capital increase by issuing new shares.
(2) Capital increase by vesting free shares to Company employees.
(3) Capital reduction by €0.50 per share reduction in the nominal value of the shares.

Change in shareholder structure over the past three years (see Section 6.2.1 "Name of any person not a member of an administrative or management body directly or indirectly holding more than 5% (legal reporting threshold) of the Company's capital or voting rights").

(1) Until March 31, 2022.

6.2 PRINCIPAL SHAREHOLDERS

6.2.1 Name of any person not a member of an administrative or management body directly or indirectly holding more than 5% (legal reporting threshold) of the Company's capital or voting rights

The following table shows the breakdown of capital and voting rights of the Company at December 31, 2021, based on an analysis of bearer share ownership conducted at the Company's request following the capital increases carried out in January 2022 and the distribution as of the end of 2020 and 2019. There is no shareholder apart from the majority shareholder TSGH that owns more than 5% of share capital.

	As at Dec. 31, 2019			As at Dec. 31, 2020			As at Dec. 31, 2021		
Shareholder	Number of shares	% of capital	% of voting rights [1]	Number of shares	% of capital	% of voting rights [1]	Number of shares	% of capital	% of voting rights [1]
TSGH [1]	50,323,665	60.44	75.0	50,323,665	60.02	71.7	60,527,665	61.91	71.67
SITAM Belgium*	4,120,935	4.95	3.7	4,144,856	4.94	3.5	4,824,856	4.93	3.60
Other shareholders [2]	28,820,864	34.61	21.3	29,372,813	35.04	24.8	32,418,813	33.16	24.72
Total	**83,265,464**	**100**	**100**	**83,841,334**	**100**	**100**	**97,771,334**	**100**	**100**
Dilutive impact stock options + free shares awarded [3]	2,293,081	2.75	1.9	2,048,922	2.27	1.6	4,198,430	4.29	3.13
TOTAL DILUTED	**85,558,545**			**85,890,256**			**101,969,606**		

(1) Article 8 of the articles of association grants double voting rights to all fully paid registered shares, registered in the name of the same shareholder for at least three years. In accordance with the provisions of Article L. 233-8 of the French Commercial Code, Transgene publishes monthly (if the information has changed since the last monthly publication) the total number of shares and voting rights on the AMF website and on its own site www.transgene.fr. At December 31, 2019, the total number of shares was 83,265,464; the total theoretical number of voting rights was 119,778,384 of which the number of exercisable voting rights was 119,593,384. At December 31, 2020, the total number of shares was 83,841,334; the total theoretical number of voting rights was 117,645,905 of which the number of exercisable voting rights was 117,481,722. At December 31, 2021, the total number of shares was 97,771,334; the total theoretical number of voting rights was 133,880,688 of which the number of exercisable voting rights was 133,704,188. No limitation has been placed on voting rights. The double voting rights attached to a share disappear the day the security is assigned or converted to the bearer.

(2) To the Company's knowledge, no other shareholders directly or indirectly own, alone or in concert, over 5% of the equity or voting rights. As of December 31, 2021, the Company held 176,500 of its own shares through a liquidity program. The total percentage of employee ownership is less than 1%. Since it is insignificant, the Company does not monitor employee shareholdings. There are not, to the knowledge of the Company, any concert parties, or agreements between shareholders.

(3) The stock options and free shares were granted exclusively to the employees of the Company and its subsidiary Transgene, Inc., including members of the Executive Committee and to the two executive corporate officers (Hedi Ben Brahim, Chairman and Chief Executive Officer, and Christophe Ancel, Responsible Pharmacist and Deputy Chief Executive Officer). At December 31, 2021, there were 41,532 options outstanding and 4,198,430 unvested free shares.

* *Formerly "Dassault Belgique aviation".*

6.2.2 Special voting rights of major shareholders

There are no different voting rights for major shareholders. Pursuant to Article 8 of the articles of association, double voting rights are granted to all fully paid registered shares registered in the name of the same shareholder for at least three years, regardless of the number of shares held by the holder.

6.2.3 Controlling shareholder

The Company's capital is 61.91% (71.67% of the voting rights) owned by TSGH SAS, which is in turn 99.5% owned by Institut Mérieux, which is owned by the Mérieux family. No specific measure limits the powers of the principal shareholder. The Company complies with the Code of Corporate Governance for small- and mid-cap companies. The Board of Directors includes a majority of directors who qualify as independent using the criteria defined in the Middle Next Corporate Governance Code. One independent director, Mr. Habert, is connected with the Dassault Group, which holds 4.93% of the Company's stock (3.60% of the voting rights) through a family relationship and in his capacity as Chairman and member of the Dassault Développement Strategy Committee. Moreover, a majority of the Audit Committee and Compensation Committee consists of independent directors (three out of four members).

6.2.4 Agreement that may result in a subsequent change of control of the Company

To the Company's knowledge, at the date of this Document there is no agreement that could at a later date, if enforced, bring about a change in the controlling interest of the Company, nor pact outside the articles of association, or any anti-takeover measure, or specific powers of representation or appointment to executive bodies.

6.3 ARTICLES OF INCORPORATION AND ARTICLES OF ASSOCIATION

6.3.1 Corporate purpose (Article 2 of the Articles of Association)

The purpose of the Company, both in France and abroad, on its own behalf and on behalf of third parties:

- consists of all research, development, studies for the refinement of production processes and marketing, preclinical and clinical development, production and marketing of all products and processes in the areas of bioindustry, biotechnology and, more specifically, genetic engineering, principally for the purpose of experimenting, developing and exploiting medications for human and veterinary medicine, and generally the application of all sciences and techniques that might add to the development of said products and processes;
- the creation, acquisition, by any means and the operation in any form of any company connected directly or indirectly with these activities, as well as investment by any means in such companies;
- Group financing activities;
- the supply of all types of support to companies that belong to the Group of companies to which the Company belongs;
- and more broadly, all commercial, industrial, securities, property and financial transactions involving any kind of asset that might relate directly or indirectly to the foregoing purpose or that might lead to its achievement, expansion, or development.

6.3.2 Administration of the Company

Board of Directors (excerpts and summaries from the relevant sections of the Articles of Association and regulations)

The Company is managed by a Board of Directors composed of at least three members and at most fifteen members who are elected by the General Meeting.

The directors are appointed for a period of three years. The renewal of the terms of office is carried out on a staggered basis, to ensure that the number of terms of Board members expiring is as regular as possible each year. Exceptionally, for the purpose of staggering, the Ordinary General Meeting may appoint a director for a duration of one, two or four years. Their directorship ends at the end of the Ordinary General Meeting approving the financial statements for the prior year, which is held during the year in which their term expires. The Board ensures that the number of terms expiring is as regular as possible each year.

The directors may be re-elected and may be recalled by the General Meeting at any time. In the event of a vacancy of one or more seats, the Board may, in the manner prescribed by law, make provisional appointments. The directors so appointed do not serve longer than the remainder of their predecessor's term, and their appointment must be ratified by the next following Ordinary General Meeting.

The Board of Directors elects from among its members who are individuals a Chairman and, possibly, one or more Vice-Chairmen, and sets their term of office that not exceed their term of office as a director, nor the time remaining from their appointment to the end of the Ordinary General Meeting called to approve the financial statements for the fiscal year in which the Chairman reaches 67 years of age.

However, the Board may under exceptional circumstances extend the period, fiscal year by fiscal year, as long as this extension does not exceed two fiscal years.

In the event of the absence or incapacity of the Chairman, the Board shall appoint a Chairman pro tempore from among the Vice-Chairs or, failing that, the directors.

The Board may also appoint a Secretary, who may or may not be a shareholder.

The Board of Directors proceeds with the controls and verifications it deems appropriate. Directors receive all of the information required to accomplish their mission and may request any document they consider useful.

The Chairman of the Board of Directors shall represent the Board of Directors. He organizes and directs its work and reports back to the General Meeting. He ensures the proper operations of the Company's bodies, and, specifically, that the directors are capable of fulfilling their duties.

Subject to the terms of the paragraphs above, the Board of Directors may delegate to one or more of its members or third parties, whether or not they are shareholders, any type of specific mandate for one or more specific objects, under conditions it defines, with or without potential substitution, to proceed with all studies and inquiries. When this occurs, the Board defines compensation, both fixed and proportional. If a director is given a paid term of office, then the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code shall apply.

If the Board of Directors decides to separate the positions of Chairman and Chief Executive Officer, subject to the powers that the law confers expressly on Shareholders' Meetings as well as the powers that are specially reserved to the Board of Directors and within the limitations of the corporate purpose, the Chief Executive is invested with the broadest powers to act in the Company's name under all circumstances and represent it in relations with third parties.

On a recommendation from the Chief Executive Officer, the Board of Directors may appoint one or more persons to assist the Chief Executive Officer with the title of Deputy Chief Executive Officer.

The number of Chief Operating Officers may not exceed five.

If they are directors of the Company, the Chief Executive Officer and Chief Operating Officers may not be appointed for longer than their term as directors.

The Board of Directors sets the compensation of the Chairman of the Board, the Chief Executive Officer and, as applicable, the Deputy Chief Executive Officers. This compensation may be fixed or a combination of fixed and variable.

The directors are invited to the meetings of the Board by any means, including verbally. The internal rules of the Board of Directors may state that the directors who participate in the Board meeting by videoconference or telecommunication enabling their identification and ensuring their effective participation are deemed to be present for the purposes of calculating the quorum and majority. Deliberations take place in quorum and majority conditions set out by law. In the event of a tie vote, the vote of the session's Chairman shall prevail.

A director may give his or her proxy to another director to represent him or her at a Board meeting.

Minutes are prepared and copies and excerpts of deliberations are issued and certified as defined by law.

The Responsible Pharmacist, who shall be licensed to practice in France (Table B of the Order) and shall file his license on behalf of the Company, will be responsible for the Company's compliance with the rules imposed by law and regulation governing the profession of pharmacist.

To this end, the Responsible Pharmacist has all the powers necessary to carry out, in the context of the Company's activities, all the missions provided for in Article R.5124-36 of the Public Health Code.

In the event of a conflict between the Chairman and the Responsible Pharmacist, the Board of Directors will arbitrate without ever imposing a decision that runs counter to the law or regulations that might incur the liability of the responsible Pharmacist.

6.3.3 Share classes

Only one class of shares exists. Each share entitles the holder to one share proportional to the fraction of capital that it represents, in the Company's assets and earnings and in any liquidation surplus.

6.3.4 Shareholder rights

Shareholders' rights may only be changed, and in the manner prescribed by law, by an Extraordinary General Meeting that meets the conditions of quorum and majority set by the French Commercial Code. There is no more restrictive term in the articles of association. The Company capital may be changed pursuant to the terms of the law.

6.3.5 General Meetings (Article 21 of the articles of association)

General Meetings are called and deliberate pursuant to the terms of the law. Meetings take place either at the corporate headquarters or at another place specified in the Notice of meeting.

The right to take part in General Meetings is defined and justified in accordance with the provisions of Article R. 22-10-28-85 of the French Commercial Code.

For the calculation of the quorum and majority, are deemed present, if applicable, shareholders taking part in the meeting by videoconference or by means of telecommunications under the applicable legal and regulatory conditions, and as stipulated below.

Each shareholder may vote by mail or give a letter of proxy subject to the conditions stipulated by current regulations, and notably using a form prepared and received by the Company under the conditions set by law and the regulations.

If the Board of Directors so decides at the time of the Notice to attend for the meeting, shareholders may also take part and vote in General Meetings by videoconference or by all means of telecommunications allowing his/her identification under the conditions and according to the modalities set by the current legal and regulatory provisions. The Board of Directors' decision to use telecommunications or videoconferencing technology will be published in the Notice to attend or the Notice of meeting.

The electronic form may be completed and signed directly on a site solely dedicated to this purpose using a code. The letter of proxy or vote expressed before the General Meeting by electronic means, as well as the acknowledgment given, will be considered as irrevocable written instructions enforceable on all parties, it being stated that if a transfer of ownership of the shares takes place before the deadline set in compliance with applicable regulations for the registration, the Company shall invalidate or amend, as the case may be, proxies or votes expressed before such date and time.

General Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Vice-Chairman or by a director appointed for that purpose by the Board of Directors. Failing this, the assembly itself will elect a Chairman.

Minutes of General Meetings are prepared, and copies certified and delivered pursuant to the terms of the law. The Meeting Secretary is authorized to certify the copies and excerpts of General Meeting minutes.

A double voting right attached to registered shares recorded in the name of the same person for at least three years was established by the Extraordinary General Meeting of June 9, 2004, and incorporated into the articles of association (Article 8).

6.3.6 Provisions having the effect of delaying, deferring, or preventing a change of control

None.

6.3.7 Threshold crossings

None. The obligations prescribed by current laws and regulations apply.

6.3.8 Conditions imposed by the articles of incorporation and articles of association, a charter or regulation, that govern changes in capital when said conditions are stricter than legal provisions

None: no such terms exist for the Company.

6.4 HISTORY AND INFORMATION ABOUT THE COMPANY DURING THE FISCAL YEAR

6.4.1 Company name and commercial name

Transgene

6.4.2 Place and registration number of the issuer

The Company is registered in the Strasbourg Trade and Company Registry under identification No. RCS B 317 540 581. Its economic activity Code (APE) is 7211Z (Biotechnology research and development).

The legal entity identifier (LEI) is 969500PDJW8N0FSGGK69.

6.4.3 Date of incorporation and duration

The Company was founded in December 1979 in France for a period of 99 years that expires on December 31, 2078.

6.4.4 Registered office, legal form, and applicable law

A French corporation *(société anonyme)* with a Board of Directors, governed by the French Commercial Code.

Transgene
400, boulevard Gonthier d'Andernach – Parc d'Innovation
67400 Illkirch-Graffenstaden
France
Tel.: +33 3 88 27 91 00.

6.5 INFORMATION ON INVESTMENTS IN AFFILIATES

The table of subsidiaries and affiliates is presented in Note 28 to the Company's annual financial statements (Section 5.3.2).

6.6 SHARE BUYBACK PROGRAM

6.6.1 Current situation 2021

The share buyback program authorization was renewed by the General Shareholders' Meeting of May 26, 2021.

In accordance with Articles L. 22-10-62 *et seq.* of the French Commercial Code, the Shareholders' Meeting of May 26, 2021, authorized the Board of Directors to trade Transgene stock for a period of 18 months, except during a public offering period for the Company's shares, for the purposes and in the manner prescribed by the share buyback program. The purchases must be made at a unit price no higher than €25 per share, with an overall purchase price of €20 million (or the foreign currency equivalent of these amounts on the same date) and in an amount no greater than 10% of the share capital at any one time.

In 2020, the Company made use of the authorizations to buy the Company's shares on the stock market in order to execute a liquidity contract with Natixis ODDO BHF SCA. The Company did not use any derivatives.

In 2021, under the liquidity contract, Natixis ODDO BHF:

- bought 963,059 shares for a total of €2,415,047, representing a weighted average value of €2.5077 per share;
- and sold 981,559 shares for a total of €2,478,0085, representing a weighted average value of €2.5185 per share.

At December 31, 2021, the Company directly held 176,500 shares for the purposes of creating liquidity under the liquidity contract (which represented around 0.36% of the capital), whose measured value at its price on December 31, 2021 (€2.54) (€1.648) was €448,310. At that same date, none of the treasury shares were allocated to covering stock option plans or held for cancellation.

6.6.2 Description of the share buyback program pursuant to Articles 241-1 et seq. of the General regulation of the Autorité des marchés financiers (AMF)

Pursuant to Article 241-2 of the General regulation of the AMF, this paragraph constitutes the description of the buyback program that will be submitted to the General Meeting of May 25, 2022.

6.6.2.1 Number of shares and share of capital held by Transgene

At December 31, 2021, the total number of shares held by Transgene was 176,500, representing 0.36% of Transgene's share capital. All of these shares were allocated with a view to liquidity under the liquidity contract.

6.6.2.2 Breakdown by objective of equity securities held at December 31, 2021

At December 31, 2021, Transgene's treasury shares were allocated as follows:

- 176,500 shares allocated for liquidity purposes.

The liquidity contract with Natixis ODDO BHF started on January 2, 2020. The Company did not cancel or re-allocate any treasury shares. The Company did not use any derivatives and does not have any open positions.

6.6.2.3 Objectives of the buyback program

Transgene intends to use its authorization to trade in its own shares under the share buyback program for the following purposes:

- to stimulate the market through an investment service provider acting independently under a liquidity contract in compliance with a Code of Conduct recognized by the AMF;
- to hold its shares in order to allocate them at a later date in payment or exchange as part of external growth operations undertaken by the Company;
- to allocate its shares upon the exercise of rights attached to securities entitling their owner to the Company's stock through conversion, exercise of options, redemption, or exchange, within the framework of stock exchange regulations;
- to cancel securities, notably in order to increase the return on equity and earnings per share and/or to offset the dilutive impact for the shareholders of capital increase transactions;

- to allocate shares to the employees or to the corporate officers of the Company and its subsidiaries according to the conditions and in the manner prescribed by law, notably in relation to the free allocation of shares, profit-sharing, stock option plans or Company savings plans.

This program is also intended to allow any market practice accepted by the Autorité des marchés financiers subsequently to this General Meeting and, more broadly, any transaction compliant with the regulations in force. In such a scenario, the Company will inform its shareholders by written communication.

6.6.2.4 Maximum share of capital, maximum number, and characteristics of shares that Transgene proposes to acquire and maximum purchase price

The securities Transgene proposes to acquire are only shares.

Extract from the twenty-first resolution submitted to the General Meeting of May 25, 2022:

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors, votes to adopt the share buyback program described hereinafter and to that end, in accordance with Articles L. 22-10-62 et seq. of the French Commercial Code, authorizes the Board of Directors, or any representative of the Board empowered to act on the Board's behalf, to purchase the Company's shares:

- *resolves that the number of Company shares that may be repurchased shall be such that:*
  - *the maximum number of shares that can be purchased under this authorization may not exceed 10% of the total number of shares in the Company's share capital and, with regard to purchases made for subsequent use in payment or exchange in a merger, spin off or asset contribution, 5% of the total number of shares in the Company's share capital, it being noted that (i) these limits apply to the Company's share capital which shall, where necessary, be adjusted to reflect any transactions subsequent to this Meeting that may affect the share capital and that, (ii) if the shares are repurchased to increase the stock's liquidity as permitted by the AMF (Autorité des marchés financiers) General regulation, the number of shares counted in the aforementioned 10% calculation shall be equal to the number of shares bought less the number resold during the period of this authorization, and*
  - *the acquisitions made by the Company may in no case lead it to hold, at any time, directly or indirectly, more than 10% of its share capital; [...]*
- *sets the maximum purchase price at €25 per share, and resolves that the maximum amount of funds set aside for this share buyback program may not exceed twenty million euros (€20,000,000);*
- *delegates to the Board of Directors, which may subdelegate under the conditions foreseen in Article L. 22-10-62 of the French Commercial Code, in the event of any change in the par value of the share, of a capital increase through the incorporation of reserves, of the allocation of free shares, of a share split or a reverse share split, of a distribution of reserves or any other assets, of the amortization of capital or any other transaction involving equity, the power to adjust the aforementioned purchase price so as to reflect the impact of said transactions on the value of the share;*
- *resolves that the purchase, sale, exchange or transfer of these shares may occur by any means, i.e., on a regulated market, on a multilateral trading facility, through systematic internalizers or over the counter, including by means of the acquisition or sale of blocks of shares, by using financial instruments, notably derivatives traded on a regulated market or multilateral trading facility, through systematic internalizers or over the counter, or by using warrants in the manner authorized by the laws and regulations in force at the time of the transactions in question and at such times as the Company's Board of Directors or a person acting on behalf of the Board shall choose; the maximum fraction of the share capital acquired or transferred in blocks may be the entire program [...]*

Taking into account:

- the 176,500 shares (or 0.36% of the share capital) already directly held by Transgene at December 31, 2021;
- the 48,885,667 shares in the share capital at December 31, 2021;
- that the buyback at this time could only involve 4,839,681 shares (9.90% of the share capital), based on a maximum share price of €25 per share for a maximum total amount of €20,000,000.

6.6.2.5 Terms of the buyback program

The purchase, sale, exchange or transfer of shares may occur by any means, *i.e.*, on a regulated market, on a multilateral trading facility, through systematic internalizers or over the counter, including by means of the acquisition or sale of blocks of shares, by using financial instruments, notably derivatives traded on a regulated market or multilateral trading facility, through systematic internalizers or over the counter, or by using warrants in the manner authorized by the laws and regulations in force at the time of the transactions in question and at such times as the Company's Board of Directors or a person acting on behalf of the Board shall choose; the maximum fraction of the share capital acquired or transferred in blocks may be the entire program.

6.6.2.6 Duration of the buyback program

Pursuant to Article L. 22-10-62 of the French Commercial Code and to the resolution that shall be submitted to the General Meeting of May 25, 2022, this buyback program may be carried out during an 18-month period starting on the date of the General Meeting of May 25, 2022, i.e., no later than November 26, 2023.

Pursuant to Article L. 22-10-62 of the French Commercial Code, the Company may not cancel shares thus repurchased beyond the limit of 10% (adjusted for any transactions affecting it subsequent to the closing of the Combined General Meeting of May 25, 2022) of the amount of the share capital in periods of twenty-four (24) months.

6.7 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

Annual General Meeting held to approve the financial statements for the year ended December 31, 2021

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of Transgene S.A.,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2021, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized and concluded during the year ended December 31, 2021 to be submitted to the Annual General Meeting for approval in accordance with Article R. 225-38 of the French Commercial Code *(Code de commerce)*.

Agreements previously approved by the Annual General Meeting

Agreements approved in prior years

a) Whose implementation continued during the year ended December 31, 2021

In accordance with Article R. 225-30 of the French Commercial Code *(Code de commerce)*, we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended December 31, 2021.

- **With Institut Mérieux (majority shareholder of TSGH S.A.S., in turn a majority shareholder of your Company)**

Persons concerned

Messrs Hedi Ben Brahim, Jean-Luc Bélingard, Philippe Archinard, and Ms Sandrine Flory.

Nature and purpose

Service agreement between Transgene and Institut Mérieux as modified in 2020 by an amendment.

Conditions

The service contract provides for an allocation key for the cost of services rendered to all Institut Mérieux group companies based on three criteria: the payroll, revenue and fixed assets of each company. This allocation key remains applicable except for internal audit services, which will be invoiced as follows, pursuant to the amendment:

- costs corresponding to specific missions of an exceptional nature for one of the companies of the Institut Mérieux group, as soon as they exceed a certain materiality threshold, will be invoiced directly to the relevant company, without breakdown; and
- all other costs corresponding to other duties carried out by Institut Mérieux for the benefit of its subsidiaries will be allocated to each Institut Mérieux company on the basis of two criteria: the number of employees and the number of countries in which the company generates more than M€ 2 in sales.

As at December 31, 2021, your Company has recorded an expense of € 288,726 under this agreement.

An adjustment in respect of the 2020 financial year was recorded for the 2021 financial year and your Company thus received a credit note in the amount of €26,303.

- **With ABL Europe S.A.S. (a wholly owned subsidiary of ABL Inc., in turn wholly owned by TSGH S.A.S., in turn majority-owned by Institut Mérieux)**

Persons concerned

Messrs Alain Mérieux, Jean-Luc Bélingard, Philippe Archinard and Ms Sandrine Flory.

a) Nature and purpose

Within the scope of the sale of your Company's bioproduction asset to ABL Europe S.A.S., your Company signed a sublease agreement concerning a part of the quality control laboratory located at your Company's head office.

Conditions

The sublease agreement stipulates the terms of use by ABL Europe S.A.S. of a part of your Company's quality control laboratory.

As at December 31, 2021, your Company recorded an income amounting to € 220,901 in respect of the sublease agreement concerning a part of the quality control laboratory located at your Company's head office.

b) Nature and purpose

Within the context of the sale of your Company's bioproduction asset to ABL Europe S.A.S., your Company signed a Social Agreement concerning the redeployment of employees.

Conditions

This agreement sets forth the terms for the partial takeover of the employees assigned to bioproduction.

As at December 31, 2021, your Company recorded an expense amounting to € 6,106 in respect of a mutually agreed termination covered by this agreement.

c) Nature and purpose

This agreement, entered into on May 23, 2019 to replace the previous Exclusive Services Agreement, sets forth the terms for the sale of bioproduction services by ABL Europe S.A.S. to your Company. The new agreement no longer contains any condition of exclusivity or business volume guarantee.

Conditions

As at 31 December 2021, your Company recorded an expense amounting to € 3,404,370 in respect of this agreement.

- **With Institut Mérieux, bioMérieux S.A., Mérieux NutriSciences Corporation, ABL Inc., Théra Conseil, Mérieux Développement, SGH S.A.S. and Fondation Mérieux**

Persons concerned

Messrs Alain Mérieux, Jean-Luc Bélingard, Philippe Archinard and Ms Sandrine Flory.

Nature and purpose

Agreement relating to the management of employee mobility within the Institut Mérieux group or Fondation Mérieux.

Conditions

For employees who have worked in the Institut Mérieux group's companies and whose length of service in these companies has been taken into account without financial compensation, the costs relating to the termination of those employees' employment contracts and/or retirement will be allocated to the companies concerned according to an equitable economic allocation key. These costs will henceforth be allocated in proportion to the remuneration paid by each Institut Mérieux group company that has benefited from the employees' services, excluding remuneration having served as a base for the payment of a previous termination indemnity.

As at December 31, 2021, your Company was billed an amount of €149,296 by Institut Mérieux under this agreement.

b) which were not implemented during the year ended December 31, 2021

In addition, we have been notified that the following agreements, which were approved by the Annual General Meeting in prior years, were not implemented during the year ended December 31, 2021.

- With the companies ElsaLys Biotech S.A.S. and TSGH S.A.S. (majority shareholder of your Company)

Persons concerned

Messrs Hedi Ben Brahim, Jean-Luc Bélingard, Philippe Archinard, and Ms Sandrine Flory.

Nature and purpose

At the time of the execution of this agreement on April 9, 2020, your Company held an 8.25% stake in ElsaLys S.A.S., and TSGH S.A.S. held a 9% stake in ElsaLys S.A.S. These stakes were transferred on April 9, 2020 to the Mediolanum group. In the context of this transfer, an agreement was signed concerning the claim of € 1,000,000 excluding tax held by your Company over ElsaLys S.A.S.

Conditions

This receivable of € 1,000,000 excluding tax, fully depreciated as at December 31, 2019, was recovered in the amount of € 957,494 following the agreements signed at the time of the sale of ElsaLys S.A.S. including:

- € 500,000 excluding tax to be paid by the Mediolanum group according to a contractual schedule.
- € 457,494 excluding tax to be paid by the former shareholders of ElsaLys S.A.S., including TSGH S.A.S. 75% of this sum was paid at the time of the transaction, the remaining 25% will be paid by the end of 2025.

As at December 31, 2021, the outstanding balance of TSGH amounts to €33,807, as no payments were received during the year 2021.

Lyon and Paris-La Défense, April 6th, 2022

The Statutory Auditors

French original signed by

GRANT THORTON
Membre français de Grant Thornton International
Françoise Méchin

ERNST & YOUNG et Autres

Cédric Garcia Brigitte Barouky

6.8 EMPLOYEES

6.8.1 Workforce

See the workforce table in Paragraph 4.5.1.

6.8.2 Profit-sharing agreement

A profit-sharing agreement has existed since 1993, pursuant to the regulations in force. In light of the Company's loss-making position, no profit has been shared with employees under this agreement as of the date of this Registration Document.

7

ADDITIONAL INFORMATION

7.1 PERSON RESPONSIBLE

7.1.1 Person responsible for the information

Hedi Ben Brahim
Chairman and Chief Executive Officer

7.1.2 Declaration by the person responsible

I, the undersigned, hereby certify that the information contained in this Universal Registration Document gives, to the best of my knowledge, a true and fair view of facts and is free from material misstatements.

I hereby certify that, to my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and profits and losses of the Company and of all the companies within the scope of consolidation, and that the management report on pages 229 to 237 presents a true and fair view of the business, profits and financial position of the Company and of all the companies within the scope of consolidation and a description of the principal risks and uncertainties they face.

Illkirch-Graffenstaden, 6 April 2022

Hedi Ben Brahim,
Chairman and Chief Executive Officer

7.2 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.2.1 Statutory Auditors

STATUTORY AUDITORS

ERNST & YOUNG et Autres 1/2, place des Saisons 92400 Courbevoie – Paris-La Défense represented by Cédric Garcia and Brigitte Barouky	**Grant Thornton** 44 quai Charles de Gaulle 69006 Lyon represented by Françoise Méchin

ERNST & YOUNG et Autres is a member of the *Compagnie régionale des commissaires aux Comptes de Versailles et du Centre* and of the Ernst & Young network. **Grant Thornton** is a member of the *Compagnie régionale des commissaires aux comptes de Versailles et du Centre* and of the Grant Thornton International Ltd network.

DATES OF APPOINTMENT AND EXPIRATION OF TERM	
Appointed May 29, 1996, and renewed February 16, 1998, and again on June 9, 2004, on June 17, 2010, and on May 24, 2016, until the General Meeting called to approve the 2021 financial statements.	Appointed May 24, 2016, until the General Meeting called to approve the 2021 financial statements.

ALTERNATE STATUTORY AUDITORS

Auditex Tour Ernst & Young 1/2, place des Saisons 92400 Courbevoie – Paris – La Défense 1	**IGEC** 3, rue Léon-Jost 75017 Paris

DATES OF APPOINTMENT AND EXPIRATION OF TERM	
Appointed June 17, 2010, and renewed May 24, 2016, until the General Meeting called to approve the 2021 financial statements.	Appointed May 24, 2016, until the General Meeting called to approve the 2021 financial statements.

7.2.2 Statutory Auditors 'fees

	Ernst & Young et Autres				Grant Thornton			
	Amount (pre-tax)		%		Amount (pre-tax)		%	
(in € thousands)	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Audit	-	-	-	-	-	-	-	-
STATUTORY AUDITORS, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Issuer	83	85	87%	90%	63	51	100%	100%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
SERVICES OTHER THAN THE CERTIFICATION OF THE STATUTORY AUDITORS								
Issuer	12	9	13%	10%	-	-	-	-
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Sub-total	**95**	**94**	**100%**	**100%**	**63**	**51**	**100%**	**100%**
OTHER SERVICES PROVIDED BY NETWORKS TO FULLY CONSOLIDATED SUBSIDIARIES								
Legal, tax and social	-	-	-	-	-	-	-	-
Other (specify if > 10% of the audit fees)	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**95**	**94**	**100%**	**100%**	**63**	**51**	**100%**	**100%**

7.3 INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST

None.

7.4 DOCUMENTS AVAILABLE TO THE PUBLIC

In application of article 19 of 2017/1129 European regulation of the European Parliament and of the Council of June 14, 2017, the following information are incorporated by reference in this document:

- For fiscal year 2020:

– consolidated financial statements and the corresponding Statutory Auditors' report contained in paragraphs 5.1 (pages 126 to 162) and 5.2 (pages 163 to 168);

– annual financial statements and the corresponding Statutory Auditors' report contained in paragraphs 5.3 (pages 169 to 191) and 5.4 (pages 192 to 197) ;

– review of financial position and the income (loss) contained in paragraph 1.3.3 (pages 42 to 44) ;

– the investments contained in paragraph 1.3.5 (page 45);

of the 2020 Universal Registration Document filed with the AMF dated April 1, 2021, under the no. D.21-0248 (1).

- For 2019:

– consolidated financial statements and the corresponding Statutory Auditors' report contained in paragraphs 4.1 (pages 100 to 139) and 4.2 (pages 140 to 146);

– annual financial statements and the corresponding Statutory Auditors' report contained in paragraphs 4.3 (pages 147 to 171) and 4.4 (pages 172 to 177);

– review of financial position and the result contained in paragraph 1.3.3 (pages 34 to 36);

– the investments contained in paragraph 1.3.5 (page 37);

of the 2019 reference document filed with the AMF dated April 2, 2020, under the no. D.20-0241 (2).

Throughout the validity period of this Registration Document, the following documents may be consulted:

- the corporate articles of association;
- all the reports, correspondence and other documents, background financial information, evaluations and declarations prepared by experts at the Company's request, a portion of which is included or referred to in the Registration Document;
- the Company's historical financial information and that of its subsidiaries for each of the two fiscal years preceding the publication of the Registration Document;
- the Board's rules of procedure.

These documents can be consulted on the website: www.transgene.fr or requested from Jean-Philippe Del, Chief Financial Officer.

7

(1) https://www.transgene.fr/wp-content/uploads/TRANSGENE_URD_2020-EN.pdf

(2) https://www.transgene.fr/wp-content/uploads/2019/05/doc-ref-2018-en.pdf

7.5 CROSS-REFERENCE TABLES

In order to facilitate the reading of the Universal Registration Document, the following table identifies the main information required by Annex 1 of European regulation No. 2019/980.

		Section of the Universal Registration Document
1.	**Persons responsible**	**7**
1.1	Name and position	7.1.1
1.2	Declaration by the person responsible	7.1.2
1.3	Expert declaration and declaration of interests	N/A
1.4	Third-party information	7.3
1.5	Statement by the competent authority	N/A
2.	**Statutory Auditors**	**7**
2.1	Statutory Auditors	7.2.1
2.2	Statutory Auditors who resigned, having been relieved of their engagement or not having been re-engaged during the period covered	N/A
3.	**Risk factors**	**2**
4.	**Information about the issuer**	**6**
4.1	Legal and trade name of the Company	6.4.1
4.2	Place, registration number and LEI of the Company	6.4.2
4.3	Date of incorporation and term of the Company	6.4.3
4.4	Company registered office, legal form, governing law, and website	6.4.4
5.	**Business overview**	**1,2,7**
5.1	Principal activities	1.2.1
5.2	Principal markets	1.2.6
5.3	Major events	1.3.1 and 7.7
5.4	Strategy and objectives	1.2.1.1
5.5	Dependence of the issuer on patents, licenses, contracts, and manufacturing processes	2.6
5.6	Issuer's competitive position	1.2.6
5.7	Investments	1, 5
5.7.1	Major investments	1.3.5
5.7.2	Major investments in progress or for which firm commitments have been made	1.3.5
5.7.3	Investments in businesses in which the issuer holds equity	5.1.2
5.7.4	Environmental issue that might influence the issuer's use of its property, plant, and equipment	N/A
6.	**Organizational structure**	**1**
6.1	Summary description of the group	1.2.7
6.2	List of major subsidiaries	1.2.7.2
7.	**Review of financial position and results**	**1,5,7**
7.1	Financial position	5.1, 5.3
7.1.1	Change in issuer's financial performance	5.1, 5.3
7.1.2	Probable change in issuer's business activities and R&D activities	7.7
7.2	Net operating income	1.3.3, 5.1, 5.3
7.2.1	Important factors, unusual or infrequent events or new developments	1.3.3, 5.1, 5.3
7.2.2	Reasons for significant changes in net sales or revenues	1.3.3, 5.1, 5.3

		Section of the Universal Registration Document
8.	**Cash and equity**	**1.3**
8.1	Information on the issuer's equity	1.3.4
8.2	Issuer's cash flow	1.3.4
8.3	Issuer's financing needs and financing structure	1.3.6
8.4	Restrictions on the use of the issuer's equity	N/A
8.5	Financing sources of expected cash flows	1.3.4
9.	**Regulatory environment**	**2.4.5**
10.	**Information about trends**	**1.3.6.1**
10.1	Main trends affecting production, sales and inventories, costs and selling prices and significant changes in the Group's financial performance since the end of the last financial year up to the date of registration of the Universal Registration Document	1.3.6.1
10.2	Known trend, uncertainty or demand or commitment or event reasonably likely to materially affect the outlook, at least for the current fiscal year	1.3.6.1
11.	**Profit forecasts or estimates**	**1.3.6.2**
12.	**Administrative, management, oversight, and general management bodies**	**3**
12.1	Composition of the administrative, management, oversight, and general management bodies	3.1
12.2	Conflicts of interest affecting the administrative, management, oversight, and general management bodies	3.1.2.3
13.	**Compensation and benefits**	**3**
13.1	Compensation, benefits in kind, options and stock awards granted to the corporate officers	3.3
13.2	Total amount provisioned for the payment of pensions, retirement, and other benefits	3.3.2
14.	**Functioning of administrative and management bodies**	**3**
14.1	Expiration date of corporate offices	3.1.1.2
14.2	Service contract linked to the Company's administrative, management or supervisory bodies	3.1.2.2
14.3	Audit Committee and Compensation Committee	3.2.2
14.4	Statement on Corporate Governance	3.2.1
14.5	Impact of future changes in the composition of boards and committees	3.2.2
15.	**Employees**	**3.4, 4.5, 6.8**
15.1	Human resources	4.5.1
15.2	Equity investments and stock options	3.4.1
15.3	Employee share ownership agreement	6.8.2
16.	**Principal shareholders**	**6.2**
16.1	Shareholders owning more than 5% of the share capital or voting rights	6.2.1
16.2	Existence of different voting rights	6.2.2
16.3	Control of the company by the principal shareholders	6.2.3
16.4	Shareholder agreements	6.2.4
17.	**Related-party transactions**	**6.5, 6.7.5.3 Notes 19 and 28**

		Section of the Universal Registration Document
18.	**Financial information concerning the assets, financial position, and results of the company**	**1, 2, 5, 7.4**
18.1	Background financial information	1.3, 5.1, 5.3
18.1.1	Audited historical financial information for the last three years and the auditors' report prepared for each of those three periods	5.1, 5.3, 7.4
18.1.2	Change in accounting baseline date	N/A
18.1.3	Accounting standards	5.1.2 Note 1
18.1.4	Change in accounting standards	N/A
18.1.5	Financial statements (French GAAP)	5.3
18.1.6	Consolidated financial information	5.1
18.1.7	Date of latest financial information	5.1.3
18.2	Interim and other financial information	5.1.3
18.3	Audit of historical annual financial information	5.2, 5.4, 7.4
18.4	*Pro forma* financial information	5.5
18.5	Dividend policy	1.3.3
18.6	Legal and arbitration proceedings	2.6.2
18.7	Significant change in the issuer's financial position	1.3.6.3
19.	**Additional information**	**6**
19.1	Capital stock	6.1
19.1.1	Amount of equity issued, total authorized capital stock, number of shares issued and fully paid in, number of shares issued but not fully paid in, par value per share and reconciliation of the number of shares outstanding on the opening date and on the closing date of the financial year	6.1.1
19.1.2	Number and main features of shares not representing capital	6.1.2
19.1.3	Number, carrying amount and par value of shares held by the Company itself or on its behalf by its subsidiaries	6.1.3
19.1.4	Convertible securities, exchangeable securities, or securities with warrants	6.1.4
19.1.5	Conditions governing any right of acquisition, or any obligation attached to the capital authorized but not issued, or any undertaking to increase the share capital	6.1.5
19.1.6	Equity of any member of the Group subject to an option or a conditional or unconditional agreement to place it under option	6.1.6
19.1.7	Changes to share capital	6.1.7
19.2	Articles of incorporation and articles of association	6.3
20.	**Material Contracts**	**1.2.3, 1.2.4.2**
21.	**Documents available**	**7.4**

Cross-reference table between the Universal Registration Document and the Annual Financial Report

The cross-reference table below enables the main information stipulated in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General regulation of the *Autorité des Marchés Financiers* to be identified.

Headings	Sections
Transgene annual financial statements	5.3, 7.4
Transgene consolidated financial statements	5.1, 7.4
Management report *(including at a minimum the information indicated in Articles L. 225-211, L. 22-10-35, and L. 225-211 paragraph 2 of the French Commercial Code)*	7.7
Information contained in Articles L. 225-100 and L. 225-100-1 and L. 22-10-35 of the French Commercial Code	
▪ Analysis and change in business, results, and debt situation	1.3
▪ Key financial and extra-financial performance indicators	1.1
▪ Use of financial instruments by the Company	5.1 Note 24
▪ Main risks and uncertainties	2
▪ Table of delegations on capital increases	6.1.5
Information contained in Articles L. 22-10-11 of the French Commercial Code: elements likely to have an impact in the event of a public offering	6.2.4
Information contained in Article L. 225-211 of the French Commercial Code: buyback by the Company of its own shares	6.6
Declaration by the person responsible for the Annual Financial Report	7.1.2
Statutory Auditors' report on the annual financial statements	5.4, 7.4
Statutory Auditors' report on the consolidated financial statements	5.2, 7.4
Statutory Auditors' fees	7.2.2
Report by the Chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code) on Corporate Governance	3.3
Statutory Auditors' report on the report of the Board of Directors on Corporate Governance (L. 22-10-71)	5.4

Cross-reference table between the Universal Registration Document and the management report

This Registration Document includes all of the items of the management report required by legal and regulatory provisions. The table below identifies the pages of this Registration Document that comprise the main items of the management report.

Headings	Sections
Group business and change in business	1.2, 1.3
Group business results	7.7
Amendments to the presentation of the annual financial statements or to the assessment methods followed in previous years	1.3.2
Recent events	1.3.1
Foreseeable changes in the Company and outlook	1.3.6
Supplier payment terms	7.7
Amount of dividends distributed over the last three fiscal years	1.3.3
Table of results over the last five fiscal years	7.7
Main risks, management, and hedging	2
Research and development	1.2
Subsidiaries and investments	1.2.7.2
Social, environmental, and societal information	4
Corporate officers and executive directors (terms of office, compensation, transactions in Company securities)	3
Share capital and employee shareholders	6
Share buybacks	6.6
Factors that could have an impact in the event of a public offering	6.2.4
Delegations granted by the General Meeting	6.1.5
Report by the Chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code) on Corporate Governance	3.2
Report on the compensation policy applicable to Executive corporate officers	3.3

7.6 GLOSSARY

Adenovirus: a member of a family of DNA viruses responsible for diseases of the respiratory tract, eye, and gastrointestinal tract. The forms of adenovirus used in immunotherapy, particularly the type 5 adenovirus for Transgene, have a favorable tolerability profile.

Antibody: antibodies are proteins used by the immune system to identify and neutralize foreign bodies such as bacteria and viruses. The antibody binds itself to a specific location on its target, called the antigen. This binding activates several functions of the immune system, since antibodies have different modes of action depending on their type: some neutralize or disarm the antigens directly while others prepare them for destruction by white blood cells.

Cytokine: a large category of small proteins involved in the immune defense system. Some cytokines boost or inhibit the immune system, as needed.

Cytolysis – cytolytic: tending to dissolve (destroy) cells. The cytolysis may be caused by the T lymphocytes (a specific immune response) or by an oncolytic virus.

Gene: the functional and physical unit of heredity, transmitted from parent to child. Genes are components of DNA and most of them contain the information necessary to manufacture a specific protein.

GM-CSF (granulocyte-macrophage colony stimulating factor): a cytokine that acts as a growth factor on white corpuscles, especially granulocytes, macrophages and cells that become platelets. BT-001 contains a sequence that codes for GM-CSF.

ICI, Immune checkpoint inhibitor or blocker: new immunotherapy treatment based on monoclonal antibodies. Since 2015 several ICIs have been authorized. Their action mechanism primarily involves interactions between PD-1 and PD-L1 or CTLA4.

Interleukin 2 (IL-2): a cytokine that stimulates the growth of certain cells in the immune system involved in the defense of the organism.

Lymphocytes: immune cells (white corpuscles) produced by bone marrow and found in blood and lymph. The two principal types of lymphocytes are B cells and T cells. B lymphocytes produce antibodies and T lymphocytes help destroy tumor cells and control the immune response.

Metastasis: the spread of cancer cells from one part of the body to another.

MVA (*Modified Vaccinia* Ankara): a highly attenuated strain of the vaccine developed towards the end of the campaigns to eradicate smallpox. MVA is an attenuated virus often used to develop vaccines for antigen expression. MVA is a strain of choice for clinical studies due to its excellent safety profile and its ability to induce specific immune responses against vectorized antigens. TG4001 and TG4050 resulted from MVA.

Neoantigen: an antigen normally not expressed in the organism and induced by tumors. These are specific to the tumor. Several published papers attest to their strong immunogenic power. They are the cornerstone to the *myvac*® approach.

Objective tumor response: an objective tumor response is measurable. It is most often evaluated with medical imaging and is one of the major indicators in evaluating a cancer therapy.

Oncolytic virus: a virus that selectively infects cancer cells and destroys them. When the infected cancer cells are destroyed by lysis, they liberate new infectious viral particles that in turn help destroy the surrounding tumor cells. Besides directly destroying tumor cells, oncolytic viruses stimulate tumor-fighting immune responses in the patient. TG6002 and BT-001 are oncolytic viruses. A first oncolytic virus, Imlygic®, has been authorized for patients with metastatic melanomas.

PD-1, PD-L1: the PD-1 molecule, found on the surface of t-cells, binds to the PD-L1 molecule, on the surface of certain cancer cells. This interaction prevents the T-lymphocyte from acting on the abnormal cell and allows the tumor to grow. By inhibiting PD-1 or PD-L1, the ICIs help the immune system to once again be able to eliminate cancer cells. These markers, however, are expressed in patients to varying degrees. When patients have a high level of PD-L1s, ICIs have shown genuine effectiveness with certain diagnoses. When the PD-L1 level is low or undetectable ("negative PD-L1" patients), ICIs have not, to date, shown sufficient efficacy.

Phase I (clinical study): first trial stage of a medication in humans. The Phase I study tests treatment on a small number of people in order to evaluate safety and the maximum dose tolerated.

Phase II (clinical study): Phase II clinical studies include a greater number of patients than Phase 1 and are designed to evaluate the safety, dosage and sometimes the effectiveness of the new drug or treatment.

Phase III (clinical study): Phase III clinical studies can involve hundreds or thousands of patients depending on the disease, and are designed to evaluate the safety and effectiveness of a drug in a controlled setting.

Poxvirus: a large family of DNA viruses, the best known of which are the vaccine viruses that enabled the global eradication of smallpox in the late 1970s. Because it is so effective, this virus family is now used for other infectious diseases (HIV, tuberculosis, RSV) or in oncology (therapeutic vaccines, oncolytic virus).

Proof of concept: First demonstration of the mechanism of action or first sign of efficacy. It is obtained following preliminary and physical experiments, in preclinical and clinical trials (Phase I or II). This important stage is necessary to continue the development of a candidate medication. The proof of concept must be validated by larger studies such as Phase II or III clinical trials.

Protein: a molecule made up of chains of units called amino acids. There are 21 of these amino acids. These molecules play a number of roles: structural, as sensors, for repair, etc.

Protocol: the detailed plan of a scientific or medical experiment, a treatment or procedure. The protocol of a clinical study describes what is done, how and why.

Randomized: in a randomized clinical study the patients are assigned by chance to separate groups to compare different treatments.

Refractory: a disease is said to be refractory or resistant if it does not respond to a treatment.

Solid tumor: an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors can be benign (non-cancerous) or malignant (cancerous).

Stage: the level of growth of a cancer. Stage is generally determined by the volume of the tumor, whether or not the lymph nodes have been affected and by the extent to which the cancer has spread from the original site to other areas of the body. Stages run from 0 to IV, with IV being the most advanced stage.

T cells or T lymphocytes: type of white blood cells belonging to the immune system and developing from stem cells in bone marrow. They help protect the body from infections and can help fight cancer. Transgene immunotherapies are designed to increase the immune response primarily by activating these T-lymphocytes.

Targeted therapy: a treatment that uses drugs to specifically identify, block or destroy cancer cells, with less damage to normal cells.

Therapeutic vaccines: their purpose is to induce innate and adaptive immune responses by triggering a cascade of immune reactions that result in the production of T-lymphocytes that specifically destroy the tumor/infected cells.

Tumor associated antigen: an antigen is a substance that causes the organism to mount an immune defence against it. Antigens can be produced by the organism itself (self-antigens) or come from the environment (non-self-antigens). The latter include toxins, chemicals, bacteria, viruses, parasites, and other substances from outside the body. The characteristic antigens of tumor cells or infected cells can be vectorized and integrated into our immunotherapies. Thus, the surface antigen of the hepatitis B virus was integrated into TG1050 and the HPV-16 E6 and E7 antigens into TG4001 to increase the immune response to the cells expressing these antigens. Certain tumor antigens are specific to each tumor or patient, in which case they are called neoantigens.

Viral vaccine vector: an attenuated form of a virus transporting one or several antigens. The vector is used to produce one or more antigens in the organism and stimulate the immune system, forcing it to mount an immune response against the targeted antigen(s).

Some definitions were adapted from the online dictionary of the National Cancer Institute at www.cancer.gov.

7.7 APPENDIX: MANAGEMENT REPORT FOR THE MANAGEMENT REPORT FOR THE PERIOD ENDED DECEMBER 31, 2021

Ladies and Gentlemen,

We have called this Ordinary General Meeting to approve the financial statements for the fiscal year ended December 31, 2021, and to vote on several other resolutions.

This management report in addition to the topics it is legally obliged to cover, discusses the business and operations of our Company during the fiscal year ended, points out the key events, analyzes the financial statements and provides an outlook for 2022.

Transgene confirms the potential of its two innovative platforms and expects significant clinical results in 2022

First positive results of TG4050 confirming its potential and strengthening Transgene's position as a world leader in individualized therapeutic vaccines against cancer

Transgene is developing TG4050, an individualized immunotherapy against cancer from its innovative myvac® platform. Transgene uses this "tailor-made" approach by combining its viral engineering expertise with the artificial intelligence technologies of its partner NEC. TG4050 is currently being evaluated in two Phase I clinical trials in Europe and the United States (ovarian cancer and HPV-negative head and neck cancers), which are 50% funded by NEC. The product is manufactured in a production unit that complies with GMP standards, within Transgene's premises. The first positive findings were announced in November 2021.

This positive data was obtained in the first six patients treated; it demonstrates the significant potential of this individualized immunotherapy. The specific immune responses measured show a robust T-cell response to several targeted mutations (neoantigens) with a median of ten positive responses per patient. The development of adaptive responses also suggests that the vaccine is able to effectively stimulate the immune system. The studies also provide preliminary data on the clinical activity of the product. Thus, among the four patients with ovarian cancer treated with TG4050, one patient had her CA-125 elevation resolved by vaccination for nine months before dying from an unrelated chronic disease, and one patient has remained stable nine months after the appearance of radiological lesions and the initiation of treatment. Head and neck cancer patients treated with TG4050 for ten and five months respectively were stable and without apparent disease as at November 22, 2021.

These results confirm the interest shown in using this prediction system for TG4050 and validate the myvac® platform as an effective approach for tumor vaccination. Additional data will be presented at the AACR congress on April 12, 2022 and at other scientific congresses in 2022.

Active inclusion in the randomized Phase II trial of TG4001 in HPV16-positive anogenital cancers

TG4001 is a therapeutic vaccine targeting cancers caused by the human papilloma virus (HPV). It expresses the E6 and E7 antigens of the HPV-16 virus and interleukin-2 (IL-2), which stimulates immune responses. TG4001 is being developed in HPV-16 positive recurrent/metastatic cancers, without liver metastasis, with a clinical benefit having been observed for this population in the Phase Ib/II trial. TG4001 is currently being evaluated in a randomized Phase II trial, which can recruit up to 150 patients, comparing the efficacy of the combination of TG4001 with avelumab versus avelumab alone. The first patient was enrolled in June 2021. The trial is actively recruiting patients in Europe (France and Spain) and was recently initiated in the United States.

An interim analysis will be performed after the enrollment of approximately 50 patients. Transgene expects to release the results of this analysis in the fourth quarter of 2022

BT-001, the first oncolytic virus on the Invir.IO™ platform, continues its clinical development in Europe and the United States

BT-001 is a patented oncolytic virus with strong antitumor potential (VVcopTK-RR-), from the Invir.IO™ platform and co-developed with BioInvent. It was designed to express the anti-CTLA-4 antibody and the GM-CSF cytokine directly in the tumor microenvironment. The production of antibodies in the tumor aims to cause a local decrease in immunosuppressive Treg cells and to ensure significant therapeutic activity by limiting systemic exposure.

Promising preclinical results of BT-001 were presented at the SITC 2021 annual congress. They show exceptional anti-tumor activity, which causes the disappearance of tumors in in vivo models. In January 2022, preclinical proof of concept data was published in theJournal for ImmunoTherapy of Cancer(JITC). The published results demonstrate the potential of the virus to provide therapeutic benefits that exceeds that of anti-PD1/anti-CTLA-4 immune checkpoint inhibitors. Further preclinical data will be presented at the AACR congress on April 12, 2022.

The open-label, multi-center Phase I/IIa study is evaluating increasing doses of BT-001 alone and in combination with pembrolizumab. The first patient of this trial, authorized in Europe (France and Belgium) and in the United States, was enrolled in February 2021. Patient recruitment is progressing in line with expectations.

The next update on the ongoing Phase I trial is expected in the second quarter of 2022

TG6002 provides clinical proof of concept for the IV administration of Transgene oncolytic viruses

TG6002 is based on the patented Transgene strain VVcopTK-RR-. It was designed to express a chemotherapy agent, 5-FU, directly in the tumor. TG6002 is the subject of two Phase I/II clinical trials in gastrointestinal cancers for which 5-FU is a common treatment. Its administration is being evaluated by intravenous and intrahepatic artery routes.

The early Phase I data was presented at the AACR 2021 and ESMO 2021 congresses. This data constitutes the clinical proof of concept of the intravenous administration of Transgene's patented viral strain VVcopTK-RR. It shows that after being administered intravenously, TG6002 reaches the tumor, selectively replicates within tumor cells and induces localized expression of its functional transgene (the FCU1 gene). These results confirm the relevance of the intravenous administration of oncolytic viruses from the VVcopTK-RR- viral strain, the origin of the Invir.IO™ platform, which could expand the potential use of Transgene's oncolytic therapies.

The Phase I trial evaluating TG6002 administered intravenously is expected to end by mid-2022. All translational data will be presented in the fourth quarter of 2022

Summary of ongoing clinical trials

***myvac*® TG4050**	**Targets: tumor neoantigens**
	• Co-developed with NEC • First positive data on the first 6 patients treated demonstrating the immunogenicity of the vaccine as well as the first signs of clinical activity
Phase I	*Ovarian cancer - after surgery and first-line chemotherapy (NCT03839524)*
	• Active trial in the United States and France • First patient treated in 2020 - Enrollments in line with expectations ▶ Additional data expected in 2022, including at the AACR
Phase I	*HPV-negative head and neck cancer – after surgery and adjuvant therapy (NCT04183166)*
	• Active trial in the United Kingdom and France • First patient treated in January 2021 - Enrollments in line with expectations ▶ Additional data expected in 2022, including at the AACR
TG4001	**Targets: HPV-16 E6 and E7 oncoproteins**
+ avelumab Phase II	*Recurrent/metastatic HPV-positive anogenital cancers - first and second line (NCT03260023)*

TG4001	**Targets: HPV-16 E6 and E7 oncoproteins**
	• Randomized Phase II trial comparing the combination of TG4001 with avelumab versus avelumab alone • First patient treated in June 2021. Active enrollment of patients in Europe (France and Spain) and initiation of the trial in the United States. ▶ Results of an interim analysis expected in Q4 2022 (No. 50)
Invir.IO™ BT-001	**Payload: anti-CTLA-4 antibody and GM-CSF cytokine**
Phase I/IIa	*Solid tumors (NCT04725331)*
	• Co-development with BioInvent • Very encouraging preclinical results presented SITC 2021 and soon at AACR 2022 • Trial active in France and Belgium and authorized in the United States • First patient enrolled in February 2021 ▶ Next communication in Q2 2022
TG6002	**Payload: FCU1 for the local production of 5-FU, a chemotherapy agent**
Phase I/IIa	*Gastro-intestinal adenocarcinoma (colorectal cancer for Phase II) - Intravenous route (IV) (NCT03724071)*
	• Multicenter trial ongoing in Belgium, France and Spain • Data constituting the clinical proof of concept of IV administration presented at the AACR 2021 and ESMO 2021 • Escalation of the dose completed to the maximum planned dose (3*109 pfu) validating the safety profile. Current dose intensification schedule (109 and 3*109 pfu) ▶ End of Phase I mid-2022
Phase I/IIa	*Colorectal cancer with liver metastases – Intrahepatic artery (IHA) route (NCT04194034)*
	• Active multicenter trial in the United Kingdom and France • Inclusion of patients from the last cohort of the current dose escalation (109 pfu) in progress ▶ First observations expected in Q3 2021

AstraZeneca: New milestone in the collaboration with the first license option

AstraZeneca exercised a first license option in December 2021 for an oncolytic virus from Transgene's Invir.IO™ platform. Transgene received an initial payment of US$8 million for the exercise of this option and may also receive other payments upon achievement of milestones related to development, regulatory milestones and marketing, as well as royalties.

The collaboration with AstraZeneca, which provides for the co-development of other potential oncolytic immunotherapies, is ongoing. AstraZeneca has an option to acquire the rights to each of these innovative drug candidates for further clinical development.

A new collaboration with the Invir.IO™ platform

In January 2022, Transgene announced the launch of a preclinical collaboration with PersonGen BioTherapeutics. This collaboration aims to assess the feasibility and efficacy of a combination regimen, combining the injection of PersonGen CAR-T cells with an oncolytic virus from the Invir.IO™ platform, against solid tumors.

Change in financial position

At December 31, 2021, Transgene's available cash and available-for-sale financial assets totaled €49.6 million.

The Company has financial visibility until the end of 2023.

The 2021 separate financial statements, which will be submitted at the Ordinary General Meeting for approval, show a loss of €17 million and equity of €55 million.

Significant events after the balance sheet date

None.

Other items

Transactions by senior executives and corporate officers in the Company's securities

None.

Employee interests in the Company's share capital

Employee interests in the Company's share capital are not significant. As of December 31, 2021, the number of shares resulting from the plans and held in registered form by employees is estimated at less than 1% of the share capital. A Company Savings Plan (PEE) also exists for employees.

Factors that could have an impact in the event of a public offering

Capital structure: the majority shareholder is TSGH. which holds 61.9% of Transgene. The Company is controlled in fine by Mr. Alain and Mr. Alexandre Mérieux *via* Compagnie Mérieux Alliance, which holds 99.8% of Institut Mérieux, which holds 99.5% of TSGH.

Under the share buyback program initially authorized by the General Meeting on June 8, 2017, and renewed by successive meetings, the Company has a liquidity contract. As of December 31, 2021, Transgene held 176,500 of its own shares under this contract.

Furthermore, the Company has not set up any measures, statutory or conventional, that may impact a public offering and has no knowledge of any agreements between shareholders likely to affect them.

Information on supplier and client payment terms

Article L. 441-6 paragraph 9 of the French Commercial Code provides that the time agreed upon between the parties for the payment of sums due may not exceed 45 days from the last day of the month or 60 days from the invoice date. Absent an agreement, the maximum period is 30 days from the date of receipt of the merchandise or performance of service.

With regard to Transgene's trade payables invoices that were not paid at the end of the fiscal year, the breakdown by settlement date is as follows:

	At Dec. 31, 2021		At Dec. 31, 2020	
Maturity	Euros	% of total	Euros	% of total
Past due	493,025	21%	57,031	4%
Between 1 and 30 days	1,833,749	78%	1,297,166	94%
Between 31 and 45 days	22,467	1%	24,728	2%
Between 46 and 60 days	5,955	-	4,153	-
Between 61 and 75 days	-	-	-	-
Between 76 and 90 days	-	-	-	-
Between 91 and 105 days	-	-	-	-
Between 106 and 120 days	-	-	-	-
More than 120 days	-	-	-	-
TOTAL	**2,355,195**	**100%**	**1,383,078**	**100%**

SUMMARY OF UNPAID INVOICES RECEIVED AND ISSUED AT THE CLOSING DATE OF THE FINANCIAL YEAR WHICH ARE DUE:

	SUPPLIERS: Unpaid invoices received at the closing date of the financial year which are due					CLIENTS: Unpaid invoices issued at the closing date of the fiscal year which are due				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) LATE PAYMENT TRANCHES										
Number of invoices	50	6	-	1	57	7	-	1	3	11
Total amount of invoices with tax	331,034	157,419	-	4,573	493,025	551,088	-	3,500	10,500	565,088
Percentage of the total amount of purchases for the financial year with tax	1.01%	0.48%	-	0.01%	1.51%	-	-	-	-	-
Percentage of financial year revenue specify with tax	-	-	-	-	-	3.99%	-	0.03%	0.08%	4.10%
(B) INVOICES EXCLUDING (A) INVOLVING DISPUTED OR NON-RECOGNIZED LIABILITIES AND RECEIVABLES										
Number of invoices	-	-	-	-	-	-	-	-	-	-
(C) REFERENCE PAYMENT PERIODS USED (CONTRACTUAL OR LEGAL PERIODS-ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH COMMERCIAL CODE)										
Payment terms used to calculate the late payment	Legal terms/sometimes contractual terms					Contractual terms				

Internal control procedures

The Company has implemented operating procedures, in particular related to the control of the commitment of financial and human resources, thereby creating a control environment. As it has evolved, the Company has adjusted its control objectives and methods, in particular to control its cash assets, which are its main financial resource, its key performance risks associated with the management of its projects and strategic partnerships, and, more generally, its compliance with regulatory duties applicable to biotechnology companies and to listed companies.

Internal control objective and definition

Internal control is a Company system, defined and implemented on its own responsibility, which aims to ensure:

- compliance with applicable regulations and laws;
- the application of instructions and guidelines fixed by senior management;
- the proper functioning of the Company's internal processes, particularly those designed to protect its assets;
- the reliability of financial information.

Generally speaking, the Company's internal controls contribute to controlling its activities, the effectiveness of its operations and the efficient use of resources. By contributing to the prevention and control of risks of not achieving the Company's objectives, the internal control system plays a key role in the conduct and management of the Company's various activities. Accordingly, the Company introduced an enhanced control system on the key items of its main risks: liquidity risk and cash conservation, the risk of executing its clinical development plan through tight project management and quality risk through a quality assurance system. However, internal controls cannot provide an absolute guarantee that the Company's objectives will be achieved.

Transgene has adopted the internal control reference framework provided by the AMF for mid- and small-cap companies.

Control environment

Internal control bodies and contributors at Transgene

Board of Directors and its committees

The first part of the report describes the conditions under which the Board of Directors contributes to the optimization of the Company's activities. The Audit Committee reviews the internal control process, specifically with respect to validation of the internal control action plan and the Company's financial communications. In that connection, it familiarizes itself before every interim and annual reporting with the Group's financial statements and the accompanying notes. The independent directors who are physicians or researchers (Drs. Bizzari, Saïd and Zitvogel) take part in special meetings to monitor the Company's clinical development policy. They act

as advisers to the Company's Medical and Regulatory Affairs Department.

Executive Committee

The Executive Committee, chaired by the Chairman and Chief Executive Officer, meets at least every two weeks by teleconference and every month in person. It comprises eight members representing each of the company's functional and operational departments. Other than tasks related to project management, it considers the Company's operations, monitors all aspects of management in terms of the operating plan and objectives assigned by the Board of Directors, and deliberates on all organizational and operational strategy items placed on the agenda by its members. It conducts quality management reviews twice a year and annually reviews the compliance systems (Sapin II, GDPR, Transparency) implemented by the Company and the mapping of operational and corruption risks.

"Project" organization

Transgene's organization is based on functional departments, the coordination of which is ensured *via* a strong "project" strategy. Research programs, products under development and subcontracting are managed by project, headed by a project leader, and are the subject of reports. The project leader is responsible for coordinating, leading, and optimizing the various cross-functional tasks required to ensure the project's success. The project leader prepares a development plan and schedule and provides monthly reports on the milestones achieved and unforeseen difficulties. A specialized project management committee meets at least monthly to track project management. The committee comprises Executive Committee members and project managers. It provides an opportunity to track all the research and development projects, ensure correct allocation of resources and define priorities where necessary.

The Company uses collaborative project management software, which is shared by all departments and whose main functions are:

- consolidated management of the project portfolio;
- detailed project and resource planning;
- tracking the progress of tasks and time spent.

Finance Department

The Finance Department's role is to provide administrative and budgetary support to the line departments, to prepare management analyses for senior management, to enable effective financial decisions and the optimization of resources, and to ensure compliance with financial and accounting regulations, particularly for a publicly traded company. Within this department, the Head of Administration and Finance is charged with implementing and improving accounting and financial procedures, along with overseeing the action plan established after the annual audit.

Corporate Secretary

The Corporate Secretary monitors the legality of the Company's and subsidiaries' activities and ensures compliance with the laws and regulations in effect and also supervises internal controls and risk management. He is the compliance and ethics officer of the organization and serves as the data protection officer.

Control environment in the pharmaceutical industry

Research and development, preclinical tests, clinical trials, facilities and equipment and the manufacture and marketing of therapeutic products are subject to very thorough regulations devised by numerous governmental authorities in France, Europe, the United States, and other countries. The European Medicines Agency (EMA), the French *Agence nationale de sécurité du médicament et des produits de santé* (ANSM), the Food and Drug Administration (FDA) in the United States and others, require compliance with stringent conditions for the manufacturing, development, and commercialization of products such as those developed by Transgene. Pharmaceutical companies are subject to regular visits by these bodies to identify deficiencies and appropriate remedies.

Such an environment of rigorous controls calls for an internal control system capable of ensuring compliance with standards. This is why the Company has set up, under the authority of the Responsible Pharmacist:

- a Quality Assurance Department, whose purpose is to meet regulatory requirements in terms of the quality and the safety of pharmaceutical products for human use. Thus, the Quality Assurance Department comprises:

  – System Quality, which rolls out, manages, and improves all Quality Assurance processes, handles the quality documentation system, in-house and third-party quality audits, clinical audits of suppliers' Quality Assurance, quality training, as well as checking IT systems and the Company's ongoing compliance with pharmaceutical standards. This entity is also in charge of managing regulatory inspections and partner audits and their follow-up,

  – a group overseeing the quality of clinical operations which audits documents and checks that the procedures have been properly applied in clinical studies. Transgene complies with the rules described in the Good Clinical Practices of the International Conference on Harmonization or national regulations, if the latter are stricter;

- a Quality Research team that integrates the "Quality" system upstream of the product development process, as well as technological experts who liaise with subcontractors for technology transfers.

Control environment within the Institut Mérieux group

Member companies of the Institut Mérieux group have been participating in a comprehensive internal control program coordinated by the Institut Mérieux. Each group company analyzes its risks and approves its own audit program. The audit itself is performed by a cross-functional team of internal auditors from group companies who are specially trained in internal audit techniques. The Company was audited in 2019 and action plans were monitored in 2020. A Sapin II audit was undertaken in 2021.

Internal control and risk management procedures

Procedures have been developed and implemented within the Company to ensure that the principal risks are managed internally in compliance with the policies and objectives set by management.

Determination of priority risks and processes

Risk management procedure

In 2021, the Company conducted an overall risk analysis to determine a new risk mapping. This mission involved all Company directors, and the final mapping was submitted to the Audit Committee and the Board of Directors. Action plans were implemented to optimize the hedging of the identified risks.

This approach led to the identification of the main risk factors that might significantly affect its operations and outlook, as described in Section 2 of its Registration Document. It has established a formal review that surveys the risks and the procedures to be put in place to manage them.

This risk analysis is updated annually and presented to the Audit Committee.

Transgene believes that certain operational and financial risks are significant either due to the probability of their occurrence or by their impact on the Company. They are subject to the following procedures:

Protection of the integrity of strategic scientific, medical, and computerized data; protection of strategic biological materials and equipment

Backup of the Company's strategic data takes place primarily through archiving, duplication, and separate storage procedures. The data is stored with a specialized operator offering a high level of data protection. However, the Company maintained equipment for local backups of the most critical data.

Protection of cash and cash equivalents

Cash and cash equivalents are the Transgene's main financial assets. The controls in place are intended to ensure the proper use and safety of the funds invested, in particular:

- preparation of a detailed budget by section and quarterly budgetary control;
- a cash balance statement;
- determination and monitoring of the investment policy by the Audit Committee.

The Transgene's cash is currently invested in investment funds, either directly or in the Institut Mérieux group cash pool. This cash pool is placed under the supervision of a committee of Group liquidity managers (representing Transgene: the CFO), which meets once a month to study the cash position of the participants (both lenders and borrowers), the yields and the cash pool management decisions. The Audit Committee provides an update on the cash position at each of its meetings.

Reliability of financial and accounting information

To ensure the quality and reliability of the financial and accounting information it prepares, the Company uses a framework of accounting principles and standards as well as a management reporting system that analyzes accounting data along the following lines: by cost center, type of income and expense, and project.

Insurance policy

In order to outsource a portion of the financial expense of operational risks, the Company implements a policy of covering the main insurable risks, for itself and its subsidiaries, with coverage amounts that it believes are compatible with its cash usage requirements.

Managing relations with strategic partners

The Company has entered into licensing and development partnerships for the final development stages of its products, their manufacturing, and their commercialization. In order to maintain the highest level of collaboration with its partners and thus ensure optimum development of the product, a dedicated project leader ensures that the program is run properly, under the supervision of a monitoring committee that meets monthly. In addition, strategic partnerships are under special governance, usually in the form of a joint steering committee that meets regularly, or on an *ad hoc* basis to make key decisions (new strategic directions, new commitments, management of differences, etc.) throughout the life of the agreement.

Internal controls related to the preparation of accounting and financial information

The Company prepares the annual consolidated financial statements under IAS/IFRS, as well as the parent company financial statements for Transgene. The Company prepares interim consolidated financial statements under IAS/IFRS that are given a limited review by the Statutory Auditors. The consolidation process is not especially complex as the 2021 scope of consolidation included Transgene, its wholly owned subsidiaries, Transgene, Inc., whose purpose is representing Transgene before the U.S. health authorities (no employee in 2021), and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. (no employee in 2021).

The Registration documents filed every year with the French Financial Markets Authority (AMF) are prepared jointly by the Finance Department and the Corporate Secretary. They are reviewed by the Group's legal counsel and auditors, under the responsibility of the Chairman and Chief Executive Officer.

The closing of the accounts is performed with the financial IT system ("ERP"). ERP manages procurement and supplies, warehouses, general and analytical accounting, as well as budgetary reporting. It allows for dividing up tasks by means of individual user profiles, while ensuring the integrity of the information. Computerized hierarchical approval procedures

for purchases, travel authorizations and expense reports are in place.

ERP provides for the integration and traceability of restatement entries under IAS/IFRS standards, which limits the risk of error.

A list of tasks and controls to be effected by the Accounting Department for each closing ensures the appropriate rollout of closing procedures.

Quarterly reporting is prepared by the Finance Department and presented to the Executive Committee. This report is composed of the various Company and subsidiary activity financial and operational monitoring reports and notably analyzes actual and projected quantitative and qualitative accounting data.

The budgeting process is designed and coordinated during the fourth quarter by the Finance Department in close cooperation with the project managers and operating managers. A managing controller is fully dedicated to the collection and monitoring of financial information relating to projects.

The budget process is based on the validation of project priorities based on the annual portfolio review and on the project management software that ensures financial and human resources are adequate to meet project requirements and schedules. The budget is presented for validation by the Management Committee, which then submits it to the Board of Directors, after it has been reviewed by the Audit Committee. The budget is adjusted every half year and a re-estimate is presented to the Board of Directors during the third quarter.

CROSS-REFERENCE TABLE, MANAGEMENT REPORT/UNIVERSAL REGISTRATION DOCUMENT

Other parts of the management report incorporated in this Registration Document		Please refer to the Registration Document
Annual financial statements	Corporate financial statements 2021	Section 5.3
	2021 consolidated financial statements	Section 5.1
Corporate officers	List of corporate offices	Section 3.1.1
	Compensation	Section 3.2.4
Subsidiaries and investments		Section 5.3.2 Note 28
Other information	Risk factors	Chapter 2
	Table of authorizations for the Board to increase the capital	Section 6.1.5
	Shareholders structure	Section 6.2
	Corporate Social Responsibility	Chapter 4
Special reports	Stock options report	Section 3.4.1
	Report on free shares awards	Section 3.4.2

TABLE OF TRANSGENE FINANCIAL RESULTS OVER THE LAST FIVE FISCAL YEARS

(Articles R. 225-81, R. 225-83, and R. 225-102 of the French Commercial Code)
(in thousands of euros except number of shares and earnings per share)

Category	2017	2018	2019	2020	2021
1. FINANCIAL POSITION AT YEAR-END					
a) Share capital	62,075	62,276	83,265	41,921	48,886
b) Number of shares issued	62,075,190	62,275,923	83,265,464	83,841,334	97,771,334
2. COMPREHENSIVE OPERATING NET INCOME/(LOSS)					
a) Revenue excl. VAT	2,099	1,335	6,652	2,899	9 993
b) Earnings before taxes, depreciation, and provisions	(35,004)	(2,647)	(27,762)	(27,868)	(23,155)
c) Income tax	5,430	5,824	6,633	6,387	7,057
d) Profit after taxes, depreciation, and provisions	(30,471)	1,043	(22,008)	(20,116)	(17,006)
e) Amount of profits distributed	-	-	-	-	-
3. OPERATING INCOME REDUCED TO A SINGLE SHARE					
a) Profit after tax but before amortization, depreciation, and provisions	(0.56)	0.05	(0.25)	(0.26)	(0.16)
b) Profit after taxes, depreciation, and provisions	(0.49)	0.02	(0.26)	(0.24)	(0.17)
c) Dividend paid per share	-	-	-	-	-
4. STAFF					
a) Number of employees	146	146	159	164	167
b) Total payroll	9,497	9,459	9,391	9,989	10,521
c) Amount paid in social benefits (social security, welfare plans, etc.)	4,550	4,607	4,857	4,788	5,857

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transgene

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